DOCUMENT RESUME

ED 193 484 CE 026 875

TITLE	Review of Education, Training and Employment Programs Administered by the Veterans' Administration. Hearings before the Subcommittee on Education, Training and Employment of the Committee on Veterans' Affairs, House of Representatives, Ninety-Sixth Congress, Second Session (February 20 and March 6, 1980).
INSTITUTION	Congress of the U.S., Washington, D.C. House Committee on Veterans' Affairs.
PUB DATE	80
NOTE	280p.: Not available in paper copy due to small print.
EDRS PRICE	MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	Agricultural Education; Bureaucracy; *Farmers; Federal Legislation; Hearings; Part Time Farmers; Position Papers; *Program Administration; Public Policy; *Student Financial Aid; *Training Allowances; Veterans; *Veterans Education
IDENTIFIERS	Congress 96th; *Veterans Administration; Vietnam Veterans

ABSTRACT

This document consists of transcripts of testimony concerning veterans' training presented at Congressional hearings to review and discuss problems in four programs conducted by the Veterans' Administration. The programs covered are vocational rehabilitation for veterans who have a service-connected disability; the GI Bill, which provides educational benefits for veterans of Vietnam; educational and training assistance for dependents and survivors of veterans who died or were permanently disabled by service-related causes; and the post-Vietnam veterans' educational assistance matching funds program. Testimony is included from representatives of the Veterans' Administraton, veterans organizations, educational institutions, and others on administration and status of present programs and on the following pending legislation: (1) career development for Vietnam-era veterans; (2) broadening eligibility for the contributory educational assistance program; (3) providing for disbursement of unused education funds upon the death of a participant; (4) tutoring regulations; (5) increasing educational assistance and training allowances; and (6) promoting employment of Vietnam veterans through a job voucher program. (Copies of the bills and related documents are included.) (KC)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

CE

ED193484

CE 026 875

REVIEW OF EDUCATION, TRAINING AND EMPLOYMENT PROGRAMS ADMINISTERED BY THE VETERANS' ADMINISTRATION

HEARINGS

BEFORE THE

SUBCOMMITTEE ON
EDUCATION, TRAINING AND EMPLOYMENT

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

FEBRUARY 20 AND MARCH 6, 1980

Printed for the use of the Committee on Veterans' Affairs

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

U.S. GOVERNMENT PRINTING OFFICE
60-633 O WASHINGTON : 1980

COMMITTEE ON VETERANS' AFFAIRS

RAY ROBERTS, Texas, *Chairman*

DAVID E. SATTERFIELD III, Virginia
DON EDWARDS, California
G. V. (SONNY) MONTGOMERY, Mississippi
GEORGE E. DANIELSON, California
LESTER L. WOLFF, New York
JACK BRINKLEY, Georgia
RONALD M. MOTTL, Ohio
W. G. (BILL) HEFNER, North Carolina
ROBERT W. EDGAR, Pennsylvania
SAM B. HALL, Jr., Texas
DOUGLAS APPLEGATE, Ohio
MARVIN LEATH, Texas
WILLIAM HILL BONER, Tennessee
PHIL GRAMM, Texas
RICHARD C. SHELBY, Alabama
DAN MICA, Florida
THOMAS A. DASCHLE, South Dakota
TONY COELHO, California
CLAUDE (BUDDY) LEACH, Louisiana
THOMAS J. DOWNEY, New York

JOHN PAUL HAMMERSCHMIDT, Arkansas
MARGARET M. HECKLER, Massachusetts
CHALMERS P. WYLIE, Ohio
ELWOOD HILLIS, Indiana
JAMES ABDNOR, South Dakota
TENNYSON GUYER, Ohio
GEORGE HANSEN, Idaho
HAROLD S. SAWYER, Michigan
WAYNE GRISHAM, California
H. JOEL DECKARD, Indiana
GARY A. LEE, New York

A. M. WILLIS, Jr., *Staff Director*
MACK G. FLEMING, *Chief Counsel*

SUBCOMMITTEE ON EDUCATION, TRAINING, AND EMPLOYMENT

W. G. (BILL) HEFNER, North Carolina, *Chairman*

RAY ROBERTS, Texas
MARVIN LEATH, Texas
WILLIAM HILL BONER, Tennessee
PHIL GRAMM, Texas
THOMAS A. DASCHLE, South Dakota

MARGARET M. HECKLER, Massachusetts
CHALMERS P. WYLIE, Ohio
HAROLD S. SAWYER, Michigan
WAYNE GRISHAM, California

CONTENTS

Page

American Association of Community and Junior Colleges: Kehrer, Darryl W., director, office of veterans' affairs 189–202, 204–205

American G.I. Forum: Treviso, Ruben 237–241

American Legion:

  Riggin, Philip, assistant director, National Legislative Commission 165, 170–172

  Wilkerson, Philip R., special assistant to the director, National Veterans' Affairs and Rehabilitation Commission 160–168

AMVETS: Brinsky, Gabriel P., national service and legislative director 172–176

Arnstein, Dr. George. (*See* Veterans' Administration.)

Bills and reports 58–128

Blinded Veterans' Association: Fales, John, Jr., employment director 182–184

Asheville-Buncombe Technical College: Davis, Jack, vice president for student services 175–182

Bonior, Hon. David E 130–134, 154

Brinsky, Gabriel P. (*See* AMVETS.)

Champlin, Steven. (*See* Vietnam Veterans of America.)

Daniel, F. B. (*See* Minnesota Farmers Union.)

Daniels, Robert, veteran 202–205

Daschle, Hon. Thomas A 18–21, 42, 44–50, 52–56, 133, 142, 145–148, 153, 158–159, 167–170, 172, 175, 181–182, 184, 189, 205, 211–212

Davis, Jack. (*See* Asheville-Buncombe Technical College.)

Disabled American Veterans:

  Drach, Ronald W., national employment director 225–226

  Edmiston, Stephen L., administrative assistant 222–225, 227

Dollarhide, C. L. (*See* Veterans' Administration.)

Drach, Ronald W. (*See* Disabled American Veterans.)

Edmiston, Stephen L. (*See* Disabled American Veterans.)

Fales, John, Jr. (*See* Blinded Veterans' Association.)

Foss, Romaine S. (*See* Minnesota State Approving Agency for Veterans' Education.)

Green, Edward D. (*See* Veterans' Administration.)

Grisham, Hon. Wayne 21, 134, 152, 167

Heckler, Hon. Margaret 18, 39–42, 129–130, 133, 143–145, 154, 157–158

Hefner, Hon. W. G. (Bill) 1, 3, 15–16, 18, 21–22, 29, 34–35, 39, 57, 129–130, 133–134, 142, 145, 148–149, 152, 154, 157–159, 165, 167, 169–170, 172, 174–175, 180–182, 184–185, 188–189, 204–206, 211–212, 222, 226–227, 230–231, 236–237, 241, 272–275

Johnson, Richard W., Jr. (*See* Non-Commissioned Officers Association of the U.S.)

Jones, Gerald. (*See* Paralyzed Veterans of America.)

Kehrer, Darryl W. (*See* American Association of Community and Junior Colleges.)

Kiser, James A. (*See* South Carolina State Board for Technical and Comprehensive Education.)

Leath, Hon. Marvin 18, 44–46

McMichael, Guy H. (*See* Veterans' Administration.)

McQuillen, William. (*See* Veterans' Administration.)

4

OCT 2 8 1980

Page
Minnesota Farmers Union: Daniel, F. B., cooperative development specialist 3–8, 16–18, 20–21
Minnesota State Approving Agency for Veterans' Education: Foss, Romaine S., supervisor 9–16, 18–19
Morey, Gary. (*See* University of Minnesota.)
National Association of State Approving Agencies: Provost, Dr. Sterling R., legislative director 227–231
Non-Commissioned Officers Association of the U.S.: Johnson, Richard W., Jr., assistant director of legislative affairs 231–237
Oberstar, Hon. James L 2–3, 8–9, 14–18, 20–21
Paralyzed Veterans of America: Jones, Gerald, Deputy executive director 185–189
Provost, Dr. Sterling R. (*See* National Association of State Approving Agencies.)
Riggin, Philip. (*See* the American Legion.)
Rudnitski, Gordon 8–9
Sawyer, Hon. Harold 21, 134, 148–149
Schwab, Donald H. (*See* Veterans of Foreign Wars of the United States.)
South Carolina State Board for Technical and Comprehensive Education: Kiser, James A., Jr., consultant in student services 180–182
Terzano, John. (*See* Vietnam Veterans of America.)
Treviso, Ruben. (*See* American G.I. Forum.)
University of Minnesota:
  Morey, Gary, assistant director, Veterans' Resource Center 272
  Woodbury, George R., director, Veterans' Resource Center 241–274
Veterans' Administration:
  Arnstein, Dr. George, Special Assistant to the General Counsel 53–54
  Dollarhide, C. L., Acting Director, Education and Rehabilitation Service 22–56, 150, 152
  Green, Edward D., Veterans' Assistance Service 42
  McMichael, Guy H., III, General Counsel 134–154
  McQuillen, William, Special Assistant to the General Counsel 55
  Questions and answers 35–39
Veterans of Foreign Wars of the United States: Schwab, Donald H., director, National Legislative Service 154–159
"Vietnam Veterans in the Labor Market in the 1970's" 213–221
Vietnam Veterans of America:
  Champlin, Steven, special assistant to the director 206–209
  Terzano, John, legislative director 209–212
Wilkerson, Philip R. (*See* the American Leigon.)
Wolff, Hon. Lester L 274–275
Woodbury, George R. (*See* University of Minnesota.)
Wylie, Hon. Chalmers 16–18, 32–34, 42–44, 148–153, 159

HEARINGS TO RECEIVE TESTIMONY ON VA EDUCATION AND TRAINING PROGRAMS

WEDNESDAY, FEBRUARY 20, 1980

House of Representatives,
Subcommittee of Education, Training, and Employment,
Committee on Veterans' Affairs,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:06 a.m., in room 334, Cannon House Office Building, Washington, D.C., Hon. W. G. Hefner (chairman) presiding

Chairman Hefner. The Subcommittee on Education, Training and Employment of the House Veterans' Affairs Committee will come to order.

Currently, there are four education and training programs which have been approved by Congress for veterans and their dependents, which are administered by the Veterans' Administration.

The vocational rehabilitation program is for veterans who seek rehabilitation to overcome vocational handicaps resulting from a service-connected disability.

The largest education and training program for veterans is the GI bill, the purpose of which is to provide eduactional or vocational assistance to veterans to help them readjust for the time they lost while in the service of their country during the Vietnam conflict.

The survivors and dependents of veterans who died from service-connected causes or whose service-connected disability is permanent and total are eligible for education and training assistance under the dependents and survivors educational asisstance program. These are spouses and children who are eligible for the same kinds of educational assistance as is available to veterans under the GI bill.

One of the newer programs administered by the Veterans' Administration is the post-Vietnam era veterans educational assistance program which was approved by Congress for those persons who enter the All-Volunteer Armed Forces after December 31, 1976. This is a conrtibutory program whereby the serviceperson who participates sets aside from $50 to $75 a month, up to a maximum of $2,700, which the Veterans' Administration will match on a 2-to-1 basis when the person elects to enter training.

The Veterans' Administration has been requested to include in its review the latest information regarding these programs, an analysis of the education loan program, and other information including problems that the agency may be encountering in administering the program.

Today's hearing will be the first of two hearings on the Veterans' Administration's education and training programs. The next hearing is scheduled for March 6, at which time the VA will return to present its position on a number of legislative proposals which will be under consideration by the subcommittee.

In addition, representatives of veterans organizations, educational institutions and others have been invited to present their views on March 6 on the administration of veterans' education and training programs, and their comments with regard to the legislative proposals before the subcommittee.

One of the many types of education and training available to veterans under the GI bill is the farm cooperative program, a program of education which consists of institutional agricultural courses for veterans engaged in agricultural employment.

In that regard, our first witness will be our distinguished colleague and close friend, Hon. James L. Oberstar of Minnesota, who will speak to the subcommittee on how this program is being implemented in Minnesota. We are very happy to have with us this morning Hon. Jim Oberstar. Jim, it is good to have you with us this morning.

STATEMENT OF HON. JAMES L. OBERSTAR

Mr. **Oberstar.** Thank you, very much, Mr. Chairman. I am a little low on voice today, having a bad cold, but I do have three other people who I would like to, if it is the wish of the Chair, have join me because they really have the meat of the presentation on this issue.

Chairman **Hefner.** You may proceed any way you see fit. If they would like to summarize their statements, their entire statements will be made a part of the record and available to the subcommittee.

So you may proceed with your people. I understand that you have Mr. F. B. Daniel——

Mr. **Oberstar.** Mr. F. B. Daniel from the Farmers Union, Mr Romaine Foss, and Mr. Gordon Rudnitski.

[Whereupon, Mr. Daniel, Mr. Foss, and Mr. Rudnitski came forward.]

Mr. **Oberstar.** This is Mr. Daniel, Mr. Rudnitski, and Mr. Foss. Mr. Chairman, the issue that we bring to your subcommittee is one that affects farmers who are veterans throughout the State of Minnesota and are from the adjoining States of Iowa, Wisconsin, and North and South Dakota, largely, and the relatively few other primarily agricultural States.

We do thank you and the members of the subcommittee for giving us the time to appear this morning and discuss a matter that may not be of as great significance as other issues that have been presented before this subcommittee, but it is one that affects the future of two of the Nation's important institutions, if you will: the veterans and the farmers.

I came across the problem a few years ago when I began receiving a number of letters from veterans stating that they had been requested by the Veterans' Administration either to repay past funds approved by the Veterans' Administration for agricultural educational problems or to give up the programs in which they were presently enrolled.

It seemed to me that this was just a terrible injustice. I met with a number of these young men—veterans—who were committed to a career of farming within the harsh environment and relatively unproductive soils of northern Minnesota. Farming is not an immediately productive venture even in the southern portion of my district where the soils are better and where farming does present greater opportunities.

Nonetheless, veterans who wanted to enter farming found that they had to subsidize their farming operation by obtaining employment in nearby industry.

I want to cite the case of one young man in his mid-thirties who was associated with all of the modern devices of the University of Minnesota Agricultural Extension Service. He was plugged into their computers. He had the Dairy Herd Improvement Association. He had the extension experts from the university at his farm on a monthly basis. He was working 16 and 17 hours a day, 7 days a week, just he and his wife in a little trailer that they had purchased and were living on rented land where they were milking cows.

He was losing $2,000 a year in farming. He got a job in a nearby refinery at Wrenshall, Minn., so that he could get health insurance, life insurance, and accident insurance.

He took the money from that operation and plowed it all into his farm. As a result of that operation, he was able to purchase land and go full-time to have an operation where he did not have to work full time in the factory.

He still does have to subsidize to some extent. Now, I submit that this is a man who is committed to farming. This is a man who wants to make his career in farming. He is typical and representative of hundreds of other people around our State.

For the Veterans' Administration to come back to us and say that when a veteran—I am quoting from a letter that I received from the Veterans Administration:

> When a veteran holds a full-time job off the farm and his off-farm income exceeds his income from his agricultural employment, it cannot be established that the veteran is indeed in substantially full-time agricultural employment that is his or her principal source of livelihood.

That is just bunk. The real test is whether the man is committed to a career in farming. If he has to subsidize his farming from some other source of income, then that is a disgrace.

And if he is using the tools made available to him by the Veterans' Administration in full and complete pursuit of a career in farming, that ought to be the test in farming, not how much money he is making off the farm or on the farm.

Now, excuse me for being a little enthusiastic and I will spare you any further torture of my voice and ask Mr. Daniel, if you would like to summarize a few words, and then Mr. Rudnitski and Mr. Foss.

Chairman **Hefner**. Your entire written statement will appear at this point in the record.

[The statement follows:]

REMARKS OF F. B. DANIEL, MINNESOTA FARMERS UNION, ST. PAUL, MINN.

Mr. Chairman and members of the committee, I am F. B. Daniel of St. Paul, Minn. I am cooperative development specialist for Minnesota Farmers Union. Our State organization consists of more than 24,000 farm families.

I have asked Mr. Romaine Foss, Supervisor—veterans approving agency, Minnesota Department of Education, and Mr. Gordon Rudnitski, a veteran farmer from Benton County, Minn. to accompany me in this appearance.

Mr. Foss evaluates and approves all veteran training for Minnesota. Mr. Rudnitski is a farmer.

His commitment of more than $50,000 in land, buildings, livestock and equipment was not enough to satisfy VA that he is entitled to any more consideration than the person "who is raising quail as an avocation."

I believe each of these men is prepared to answer questions pertaining to their own experience in this matter.

I want to thank you for the opportunity for us to appear before you on behalf of all farm veterans in Minnesota. They have a very real problem with Veterans Administration. More than 18 months of meetings and letter-writing seems to have accomplished little in the way of a solution to the problem.

The problem, comes primarily from VA's interpretation of 38 U.S.C. and VA regulation under that code—more specifically, the June 24, 1976 revision to paragraph 14264 (A) and (B) of VA regulations. Additionally there is a problem with distinguishing between a beginning farm operation and a hobby farm.

Mr. Chairman and members of the committee, I cannot believe that Congress, in enacting the GI bill, intended to discriminate against a veteran with an honorable discharge, because his (or her) choice of occupation is farming.

I do not believe the Congress intended that a veteran is not entitled to education benefits unless he or she is first established in a fully self-sustaining farming operation. In today's economy that would mean an investment of from $100,000 to $300,000.

I cannot believe the Congress intended that a veteran would loose his or her education benefits when, because of a downturn in the farm economy, that veteran is unable to show a farm profit. But our files will show that VA has made no allowance for economic conditions when declaring an enrolled veteran ineligible for education benefits.

To further compound the problem, most of the people who are making the judgments on these veteran's farming operations are not really versed in farming. I know VA will dispute that statement. But, Mr. Chairman and members of the committee, I have been a farmer all of my life. All of my children were born on the farm. My two oldest sons were 13 and 15 when we quit operating our own farm.

Though each now has a doctorate in his chosen field, they would be the last to say they are qualified to make valid judgments of farming operations. VA cannot offer proof that the people who have been making the judgments I am speaking of, are truly knowledgeable of farming.

On December 21, 1979, Congressman Oberstar was kind enough to invite me and Dorothy Starbuck, Chief Benefits Director for VA, to his office to try to resolve what he hoped was a misunderstanding which was depriving many farm veterans of education benefits; and which has indeed resulted in demands from VA for repayment of benefits received. Those benefits had been earned through participation in one of the finest adult farm management training programs in this nation. I would ask that you review carefully the attached summary—Farm Veteran's Education Benefits Problem. It was prepared for the meeting with Dorothy Starbuck.

I thought we had outlined the real problem rather clearly. In addition we gave Mrs. Starbuck a summary of six individual veteran files supporting the contradictions listed in the summary.

We assured Mrs. Starbuck, neither we nor our farm veterans were seeking special consideration. We assured her we are supportive of VA's policy of not allowing benefits for hobby farming.

At the same time I assured her these are very legitimate farming operations; that these young couples and their families had made a firm commitment to farm (farming is their "expected source of livelihood"); that they need and want the farm training; and that the only way they could succeed in today's economy is by temporarily working a second job off the farm while striving to become better established and completely self-sufficient on the farm. This, of course, means 18-hour days and many 7-day weeks. But if they want to farm, it's their only choice.

In a letter dated February 5, 1980 Mrs. Starbuck, responding to our December 21 meeting, said in part, "We feel that the decisions we have reviewed do reflect the intent of Congress." Mr. Rudnitski's case was one of those decisions.

Mr. Chairman and members of the committee, may I conclude by enumerating the conflicting facts in this case?

1. We believe the Congress passed the GI Bill to compensate returned servicemen and women for lost opportunities while in the service, and to help them become established in the occupation of their choice.

2. We do not believe the Congress intended to exclude farmers or any other group from education benefits.

3. We do not believe that Congress intended that a veteran be established and completely self-supported in farming to qualify for farm training any more than another veteran must be owner or operator of a machine shop to take machinist training under the GI Bill. Nor do we believe that the establishment of the Farm Cooperative Courses make such a requirement necessary or practical.

4. VA declares a farm veteran not eligible for benefits, if his net farm income does not exceed his gross off-farm income, with no allowance for poor yield, low farm prices or for the farm produce consumed by the family.

5. VA insists a veteran who works up to 40 hours off the farm is employed full-time off the farm and thereby not eligible for farm training benefits even while devoting 45–50 hours per week to his farming operation and showing progress in it.

6. VA says that "the size of the farm" is grounds for ineligibility without ever determining or stating what is an acceptable size.

7. VA insists, operating a greenhouse or truck garden, logging, commercial honey, rabbit or game-bird production, or any combination of the above with limited field-crop or livestock production does not entitle a veteran to GI benefits for a farm cooperative course.

8. VA refuses to consider the judgment of the instructor, the school superintendent, the local advisory council or the State Veterans Approving Agency, each of whom has considerable knowledge of farming operations as they relate to benefits.

9. VA declares a veteran ineligible for farm training benefits when they learn the person has some other skill, regardless of his farm plans, circumstances or commitment.

10. In at least one instance, when a challenged veteran elected to accept VA's offer of a "hearing" to present facts and answers concerning his farming operation, the veteran, his wife and two preschool children drove 150 miles for that hearing. VA personnel used a tape recorder to make a transcript of the "hearing." They turned the recorder on and off at will during the "hearing," thus, in effect, editing the hearing transcript. At one point the veteran talked for more than 5 minutes about his farming operation with the recorder turned off. A judgment of his case was subsequently made based on that transcript.

11. VA is inexcusably unresponsive to veterans' requests for information. At least two Minnesota veterans, 9 months after reporting the birth of a child, were not receiving their benefit increases. One veteran waited for months while making repeated requests for a copy of the transcript of his hearing. He received it only after I called it to the attention of Mrs. Starbuck. Another veteran's payments were months in arrears. Repeated requests by the veteran and by his instructor eventually brought two lumped payments, months apart, neither of which included current payments owing.

Mr. Chairman and members of the committee, as you begin to weigh this matter, let me assure you that all but one of the above statements about VA practice or policy is drawn from one or more individual veteran's cases in our files. We will be happy to provide supporting evidence for any or all of them.

This appearance is not a pleasant task for me, Mr. Chairman. But clearly, great injustice has been done and is being done to farm veterans and their families in our State.

I feel I have exhausted all other means before coming to you for a solution to this problem. I earnestly request that you make clear, to VA and to our veterans, what the Congress did intend in Code 38.

I firmly believe interpreting "expected source of income" in the revised regulations to mean primary source of income from day one is not the intent of Congress. Nor do I believe that Congress intended that a person who devotes 45 to 50 hours or more to his farm and accepts a 40-hour job off the farm to supplement his meager income cannot qualify for benefits because of "full-time off-the-farm employment."

And if I may, Mr. Chairman and members of the committee, I would ask that if you find for these veterans, that you also direct that their loss of eligible time be restored. Some have lost as much as two years of the time you provided them for receiving education benefits. In truth, VA disqualifications have contributed to the closing of classes in some areas which could now deprive these and other veterans of any opportunity to get the schooling they want and you intended even if their eligibility is restored.

Again, I want to thank you and the veterans thank you for this opportunity.

SUMMARY—FARM VETERAN'S EDUCATION BENEFITS PROBLEMS

The continuing problem of eligibility of Minnesota farm veterans in receiving their education benefits for farm management training under 38 U.S.C. grows out of (1) interpretation of the revised V.A. regulations of June 21, 1976 and (2) from distinguishing between a would-be hobby farm and a legitimate effort to farm.

There can be little doubt Congress, in enacting the law, intended that farming and veteran farmers be treated equally with other vocations or other veterans.

Paragraph 14264 of the June 1976 revision to V.A. regulations reads: "This change is made to make clear that while farm cooperative educational assistance allowance is payable at ½-time or greater rates, the student must be a full-time farmer. Farm cooperative training benefits may only be paid to a student who is a farmer by occupation rather than avocation. The number of hours devoted to agricultural activities, as well as the nature of such activities, must be considered in determining whether the student is truly a full-time farmer. The student may, of course, experience a crop failure which forces him or her to seek other sources of income. However, the intent must have been to earn a livelihood from farming, but for the failure of the crop. Absent a crop failure non-agricultural employment must be of a strictly part-time nature and must be intended to supplement the student's income. The critical element is whether or not the veteran or other eligible person is currently pursuing farming as a full-time occupation. For example, raising quail as an avocation would not qualify."

Paragraph 14265 begins: "This regulation is entirely new. It does not represent new policy for the procedures outlined have been followed by the VA previously."

14264 Farm Cooperative Courses says in part:

"(A) *General.*—A farm cooperative course is an institutional agricultural course which is pursued by an individual who is concurrently engaged in (substantially full-time) agricultural employment which is relevant to the agricultural course. (Such a course provides training on a reduced basis to those engaged in farming, compared to other types of courses. Part-time benefits are provided for students whose farming operation will not permit them to attend class at least 10 hours a week.)"

"(B) *Application.*—(3) That the school itself verifies on a continuing basis that students are engaged in suitable agricultural employment which is relevant to the institutional agricultural course offered by the school and is in an area consistent with (their) instituional training program. Suitable agricultural employment must include employment on a farm or other agricultural establishment where the basic activity is the cultivation of the ground, such as the raising and harvesting of crops, including fruits, vegetables, pastures, or the feeding, breeding and managing of livestock, including poultry and other specialized farming. . . ."

"(Substantially full-time agricultural employment must be the principal expected source of earning the student's livelihood. . . .)"

Our problem turns on the key words "(substantially full-time)" and "principal expected source of earning the student's livelihood . . . ."

Thirty-five to forty hours a week is normally regarded as full time employment. Commissioner Cleland in his correspondence agrees. However, 40 to 50 hours a week and more devoted by the veteran to his new farm enterprise has not been regarded as full-time while 35 to 40 hours of off-farm work classifies him as being employed full-time off-the-farm and, consequently, not eligible for benefits.

The veteran who has made an honest choice to farm and who devotes his 40 hours a week or more to operating and improving his farm has clearly met this intent of the law, and his supplementary income certainly cannot stand between him and his education benefits.

Almost no veteran can get into farming today without supplemental income to improve his cash flow. Conditions are drastically different since 1976.

The only fair criteria is whether or not the veteran has undertaken a farming operation which can be the "expected source of the student's livelihood." We submit this cannot possibly mean his principal source of income from year one.

A going modern farm capable of generating such income calls for an investment of $100,000 and up. The veteran cannot qualify for that kind of financing without management know-how. If, as has been suggested, that "expected source of income" should be the veteran's income in each or any year. Almost no one in farming could qualify under that definition because of the extreme fluctuations in the farm economy.

The school and the local advisory committee are qualified to, and should, assist in judging the validity of a farming enterprise. A review of the records will verify that many of the judgments being made on veteran's qualifications have neither considered their judgment nor allowed for current realities in farming. As a result the veteran and his family are being penalized for supposed dishonesty or insincerity.

In any consideration, for any purpose, the cost of food and family living are recognized facts of life. When a veteran is asked to state the amount of his income, he is not required to deduct any or all of the money spent on family food—unless that veteran is a farmer.

A farm veteran whose eligibility has been challenged is asked to show, "size and type of your farm, ownership status, number of hours devoted to agricultural activities, as well as the nature of such activities, and annual *gross and net* farm income . . . and your annual gross nonfarm income." (emphasis added)

Even the gross farm income (total received from sale of crops, livestock, etc.) does not include the family food portion. But, veteran files will show that gross off-farm income is of [illegible] compared to net farm income.

Portions of paragraphs 2, 3 and 5 of C. B. Mickler's letter to Gordon MacVey dated July 23, 1979, illustrates in part, the farm veterans' problem.

In paragraph 2, the sentence, "Farm Cooperative training was designed to permit the established farmer to benefit from training. . . ." raises two questions: How do we define "established"? and how "established" must the veteran be, since the next sentence says, ". . . . eligible students must already be engaged in relevant agricultural work.

These veterans are as "established" in "relevant" farm work as is humanly possible for them. They have made a life's commitment. This is their "expected source of livelihood" for self and family for a lifetime.

In paragraph 3 the seeming confusion as *what actually is* seems to be regarded as *what is intended*. It reads, "*Since this benefit program was designed for the established farmer*, we believe that *concurrent, relevant, agricultural employment contemplates substantially full-time employment*." (emphasis added)

We do not see the June, 1976 regulations saying, "this benefit program was designed for the established farmer. . . ." But the explanation of intended application of paragraph 14264 says in part; "The *number of hours* devoted to agricultural activities as well as *the nature of such activities, must* be considered in determining whether the student is truly a full-time farmer." (emphasis added)

While we do not disagree "that concurrent, relevant, agricultural employment contemplates substantially full-time employment;" we believe these men are already meeting that employment criteria and each does "contemplate" an ever-growing commitment.

In that same paragraph, "All farmers, including part-time farmers may qualify for other types of training related to agriculture on the same basis as any other veterans," seems to suggest unequal application of the law.

The last portion of paragraph 3 is further indication that the efforts of these farm veterans are mistakenly likened to hobbies.

"This amendment reflects administrative experience which reveals obvious abuses of the farm cooperative program. There have been instances where "relevant" agricultural employment meant keeping a riding horse or caring for some game birds. Although such agricultural activities suggest a hobby, many more students merely engaged in part-time agricultural work to supplement income earned from another full-time occupation."

The last sentence of paragraph 5 brings us again to the key language.

"* * * this employment constitutes a bonafide agricultural venture which can reasonably be expected to yield an individual's principal source of earned income."

In summary, the problem grows out of interpretation of the key terms "substantially full-time" and "expected source of earning the student's livelihood," coupled with less than realistic appraisal of the veteran's business.

These veterans have served honorably. They are coming back into a very volatile economy at great disadvantage and they do deserve an equal opportunity.

STATEMENT OF F. B. DANIEL, COOPERATIVE DEVELOPMENT SPECIALIST, MINNESOTA FARMERS UNION

Mr. DANIEL. Thank you. I am F.B. Daniel from St. Paul, Minn. My interest in this case stems from the complaints of a number of veterans, some of whom are members of our organization and some who are not because the Farmers Union works quite closely with the education community in Minnesota, who has brought these problems to our attention repeatedly.

The problem turns, gentlemen, on the interpretation of 38 U.S.C., and of course, the VA regulation under that code, and more specifically, the revisions of 1976.

The interpretation that we are talking about is what constitutes a commitment of full-time farming. I submit, gentlemen, that it is virtually impossible for most and I think all young people to come out of the service today and to be under the definition that the VA is giving us for "fully employed in farming." In other words, he is going to be showing more net income off his farm than the gross income that he receives from his off-farm income.

As the Congressman said, were they not to supplement their income, there is no way for them to get started farming. This was true in 1976, when the 1976 revision was made. It is more true today, certainly, under today's economic conditions. We just don't believe that this was the intent of Congress that veterans, whose choice of vocation is agriculture, be excluded from benefits.

Ours is a major agricultural state, as you know. But the interpretations that VA is making rules out any chance of these young veterans who want to farm to get started farming.

Those veterans who had been accepted in the program and who had attended very faithfully and made very good progress in their beginning farm operation later were excluded and then repayment of their benefits was asked of them.

Mr. Chairman, and members of the subcommittee, I would be happy to attempt to answer any additional questions. I would like to turn it back to you, Congressman.

Mr. OBERSTAR. I would like to ask a young veteran who has been involved in farming and in agricutural education programs to tell us his story very briefly. Mr. Rudnitski.

STATEMENT OF GORDON RUDNITSKI

Mr. RUDNITSKI. Mr. Chairman and members of the subcommittee, my name is Gordon Rudnitski from Foley. I have a few reasons why I feel that I fit into the farm co-op management class.

First, my investment: My investment is too big to be called a hobby. A hobby doesn't pay for itself. You have got to work it in order to make it pay. I have my life savings in this thing.

I don't want a handout or welfare. I am willing to work to make my farm a success. I am confused right now about not being considered a full-time farmer. I am a beginner. I was raised on a farm. I bought my farm 5 miles away from where I was raised. And I need an education and I went to the school to get this education, only to find now that after being a year in there I wasn't qualified for VA benefits.

My working outside the farm should show the VA that I have a certain amount of motivation. I am trying to get this farm started with my bucks that I earn elsewhere, throwing it into the farm and eventually hoping that I won't have to work 18 hours a day. I can work a 10-hour day like the other farmer does.

We don't want sympathy. We want understanding from the VA. We want somebody who knows about agriculture who can relate to our problem and give us the satisfaction that we need.

My farming operation is 21 sows for breeding stock. I raise feeders from this stock and sell crops at the present that I have in surplus. This is not a hobby. This is agribusiness.

I have an honorable discharge. I went into the service in 1969 and I was told at that time that I could get the GI bill for my farming or whatever trade I wanted to go into after I got out of the service, only to find out after I came out of the service, saved my bucks, put my money down on the farm, that they have changed the rules, or the VA in St. Paul changed the rules.

Mr. **OBERSTAR.** I would like to ask Romaine S. Foss, who is supervisor of the Minnesota State Approving Agency for Veterans Education, to present some views.

Chairman **HEFNER.** Your entire written statement will appear at this point in the record.

[Statement follows:]

COMMENTS BY ROMAINE S. FOSS, SUPERVISOR, MINNESOTA STATE APPROVING AGENCY FOR VETERANS' EDUCATION

The law which covers the eligibility of a veteran for enrollment in a cooperative farm management program is found in Section 1682 of Title 38, US Code. The specific portion of this law, Subsection (C)(1)(c), underlined, states that the veteran is eligible for the farm cooperative program if he "is currently engaged in agricultural employment which is relative to such institutional agricultural courses as determined by the Administrator."

To implement this law, the Veterans Administration published VA Regulation 14264. I believe it was first published in October 1967 and throughout the years there have been changes. Subparagraph (B) of this VA regulation describes its application by specifying what a school must do to gain our approval for a program. It concludes with a detailed paragraph, (B)(3), describing what a veteran must be doing in his agricultural employment to be eligible for the cooperative farm management program and it directs that the school must continuously verify these facts.

The last portion of this regulation, Subparagraph (C), is titled "Approval Criteria" and you should know that approval criteria is the primary business of the State Approving Agency (SAA). It says, among more general items that the SAA may approve these courses if they meet the requirements of Subparagraph (B), which is the eligibility requirement I have just mentioned.

The addition of the last two sentences of Subparagraph (B) have been the element which has caused most of our differences:

"Substantially full-time agricultural employment must be the principle expected source of earning the student's livelihood. However, part-time nonagricultural employment will be permitted if it is less than the total effort required in pursuit of the agricultural employment."

Let me cover our differences of opinion regarding the administration of cooperative farm management programs:

First, we believe that the requirement of "substantially full-time agricultural employment" (specified in the VA regulation) should be judged on the basis of what the veteran is doing on the farm. If the veteran is satisfying the requirements of full-time farm employment, in the general context of full-time employment in any capacity, anything else he might do to supplement his income should be of no concern to anyone.

The regulation states that "part-time non-agricultural employment will be permitted if it is less than the total effort required in pursuit of the agricultural employment." The Minnesota State Board of Education has published a policy for the selection and evaluation of veterans for these courses to include a judgment as to his farming growth. It requires an advisory group of prominent local people to accomplish this task and requires that "the time a student spends in class, plus acceptable agricultural employment, must equal on the average forty hours per week." Forty hours a week is generally considered a full-time job and we think it is a fair requirement for these farmers. An additional job is not to detract from the forty-hour requirement. It would add to the workload of the individual farmer and we think that the farmer who has the ambition to supplement his income by working additional hours should be commended rather than penalized.

The requirements regarding "effort" found in the regulation are, perhaps, close to impossible to measure with any real assurance. We have provided a means to measure "effort," with the State Board policy, by using time spent. We think that is a fair yardstick.

Second, we believe that the comparison of on-farm and off-farm income is an unfair criteria in determining whether or not a farmer's main effort is in agriculture. We also content that a consideration of the amount of income is not required by the regulation. The only mention of income is found in the statement "principle expected source of earning." I would like to underline the word "source."

The "source" of income is far different from the amount, and the word "expected" just before it is adequate testimony to the chancey nature of a farmer's success. The "source" is the farm. If this veteran is, in fact, a bona fide full-time farmer, as we have previously prescribed, the farm is his "principle expected source" and we think that this should be the criteria. If we require this farmer to earn more money from his farm than he might elsewhere, we are unfair to the less fortunate or poorer farmer who may have lost money on his farm in any given year, and the Administrator has allowed part-time jobs. We are also unfair to the farmer in his early days of transition from the military when his expenses are highest—the one who is specifically designated in the GI Bill for Education as the one we wish to assist.

Actually, we also believe that Subparagraph (C)(2) of VA Regulation 14264 makes the entire question of who is a farmer approval criteria and would, therefore, make it primarily the business of the SAA rather than the VA. While that would solve the problems we have here today, our primary interest is in the more pressing issues which I have already discussed. On the other hand, we know there is disagreement with the VA Regional Office at Fort Snelling, Minnesota, as to what really is approval criteria and we think that issue should be clarified either by the VA in Washington or, more certainly, by Congress.

Column I	Column II	Column III	Column IV	Column V
Type of program	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$311	$370	$422	$26
Three-quarter-time	233	277	317	19
Half-time	156	185	211	13
Cooperative	251	294	334	19

(2) A "cooperative" program, other than a "farm cooperative" program, means a full-time program of education which consists of institutional courses and alternate phases of training in a business or industrial establishment with the training in the business or industrial establishment being strictly supplemental to the institutional portion. (Added P.L. 89–358, § 2; amended P.L. 90–77, § 301 (a), (b); P.L. 90–631, § 3(b)(1); P.L. 91–219, § 103(a); P.L. 92–540, §§ 102(2), 401(4); P.L. 93–508, § 102(2); P.L. 94–502, § 201(1); P.L. 95–202, § 102(2).)

(b) The educational assistance allowance of an individual pursuing a program of education—

(1) while on active duty, or

(2) on less than a half-time basis,

shall be computed at the rate of (A) the established charges for tuition and fees which the institution requires similarly circumstanced nonveterans enrolled in the same program to pay, or (B) $311 per month for a full-time course, whichever is the lesser. (Added P.L. 89–358, § 2; amended P.L. 90–77, § 301(c); P.L. 91–219, §§ 103(b), 204(a)(3); P.L. 92–540, §§ 102(3), 401(5); P.L. 93–508, § 102(3); P.L. 93–602, § 203(b); P.L. 94–502, § 201(2); P.L. 95–202, § 102(3).)

(c)(1) An eligible veteran who is enrolled in an educational institution for a "farm cooperative" program consisting of institutional agricultural courses prescheduled to fall within 44 weeks of any period of 12 consecutive months and who pursue such program on—

(A) a full-time basis (a minimum of ten clock hours per week or four hundred and forty clock hours in such year prescheduled to provide not less than eighty clock hours in any 3-month period),

(B) a three-quarter-time basis (a minimum of 7 clock hours per week), or

(C) a half-time basis (a minimum of 5 clock hours per week) shall be eligible to receive an educational assistance allowance at the appropriate rate provided in the table in paragraph (2) of this subsection, if such eligible veteran is concurrently engaged in agricultural employment which is relevant to such institutional agricultural courses as determined under standards prescribed by the Administrator.

In computing the foregoing clock hour requirements there shall be included the time involved in field trips and individual and group instruction sponsored and conducted by the educational institution through a duly authorized instructor of such institution in which the veteran is enrolled.

(2) The monthly educational assistance allowance of an eligible veteran pursuing a farm cooperative program under this chapter shall be paid as set forth in column II, III, IV, or V (whichever is applicable as determined by the veteran's dependency status) opposite the basis shown in column I:

Column I	Column II	Column III	Column IV	Column V
Basis	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Full-time	$251	$294	$334	$19
Three-quarter-time	188	221	251	15
Half-time	126	147	167	10

(Added P.L. 90–77, § 303(b); amended P.L. 90–631, § 3(b)(2); P.L. 91–219, § 103(d); P.L. 92–540, §§ 102(4), 303; P.L. 93–508, § 102(4); P.L. 94–502, § 201 (3); P.L. 95–202, § 102(4).)

(d)(1) Notwithstanding the prohibition in section 1671 of this title prohibiting enrollment of an eligible veteran in a program of education in which such veteran has "already qualified," a veteran shall be allowed up to six months of educational assistance (or the equivalent thereof in part-time assistance) for the pursuit of refresher training to permit such veteran to update such veteran's knowledge and skills and to be instructed in the technological advances which have occurred in such veteran's field of employment during and since the period of such veteran's active military service.

(2) A veteran pursuing refresher training under this subsection shall be paid an educational assistance allowance based upon the rate prescribed in the table in subsection (a)(1) or in subsection (c)(2) of this section, whichever is applicable.

(3) The educational assistance allowance paid under the authority of this subsection shall be charged against the period of entitlement the veteran has earned pursuant to section 1661(a) of this title. (Added P.L. 93–508, § 204.)

(e) The educational assistance allowance of an eligible veteran pursuing an independent study program which leads to a standard college degree shall be computed at the rate provided in subsection (b)(2) of this section. In those cases where independent study is combined with resident training and the resident training constitutes the major portion of such training, the maximum allowance may not exceed the full-time institutional allowance provided under subsection (a)(1) of this section. (Added P.L. 94–502, § 207.)

VA Regulations—VR&E—Trans. Sheet 449

14264 (§ 21.4264) FARM COOPERATIVE COURSES

(A) *General.*—A farm cooperative course is an institutional agricultural course which is pursued by an individual who is concurrently engaged in [substantially full-time] agricultural employment which is relevant to the agricultural course. [Such a course provides training on a reduced basis to those engaged in farming, compared to other types of courses. Part-time benefits are provided for students whose farming operations will not permit them to attend class at least 10 hours a week.] (June 21, 1976).

(1) The institutional portion may be on a term, quarter, or semester basis or in the alternative it may consist of courses prescheduled to fall within not less than 44 weeks of the year at a minimum of 5 clock hours per week, or for full-time training the 440 clock hours a year may be prescheduled to provide not less than 80 clock hours in any 3-month period. (Oct. 24, 1972).

(2) In computing the clock-hour requirements, the time involved in field trips and individual and group instruction may be included when they are sponsored and conducted by the educational institution through a duly authorized instructor of such institution in which the veteran, spouse or child is enrolled. (38 U.S.C. 1682; 1732:PL 90–77:PL 90–77;PL 90–631:PL 92–540:PL 93–508) (Dec. 3, 1974).

(B) *Application.*—Any school desiring to enroll veterans, spouses or children in farm cooperative courses will submit to the appropriate State approving agency a written application for approval in accordance with VA Regulation 14253 or 14254 as appropriate. In addition, the school must submit statements of fact showing at least the following: (Dec. 3, 1974).

(1) That the course is set up in the school catalog or other literature of the school: (Oct. 1, 1967).

(2) That the agricultural course is offered concurrently with agricultural employment: and (Dec. 1, 1968).

(3) That the school itself verifies on a continuing basis that students are engaged in suitable agricultural employment which is relevant to the institutional agricultural course offered by the school and is in an area consistent with [their] institutional training program. Suitable agricultural employment must include employment on a farm or other agricultural establishment where the basic activity is the cultivation of the ground, such as the raising and harvesting of crops, including fruits, vegetables, pastures, or the feeding, breeding and managing of livestock, including poultry and other specialized farming. Employment in training establishments which are engaged primarily in the processing, distribution or sale of agricultural products, or combinations thereof, such as dairy processing plants, grain elevators, packing plants, hatcheries, stockyards, and florist shops, will not be considered suitable agricultural employment. [Substantially full-time agricultural employment must be the principal expected source of earning the student's livelihood. However part-time agricultural employment will be permitted if it is less than the total effort required in pursuit of the agricultural employment (38 U.S.C. 1682: 1732: PL 90– : PL 90–631: PL 92–240: PL 93–508) (June 21, 1976).

(C) *Approved criteria.*—The appropriate State approving agency may approve the application of such school when the school and its courses are found upon investigation to have met the following conditions:

(1) The criteria specified in VA Regulation 14253 or 14254, as appropriate: and (Oct. 1, 1967).

(2) The requirements of subparagraph (B) (Oct. 24, 1972).

MINNESOTA STATE BOARD OF EDUCATION MINUTES

Veterans Cooperative Farm Management Program—Mr. Tweten moved adoption of the following policy; motion was seconded by Mr. Smerling and carried unanimously.

POLICY FOR SELECTION AND EVALUATION OF VETERANS FOR VETERANS COOPERATIVE FARM MANAGEMENT PROGRAM

1. The time a student spends in class, plus acceptable agricultural employment, must equal on the average 40 hours per week.

2. The student intent, both present and future, must be to farm. The Student's main occupation should be farming. (He can be a farmer and work part time as a carpenter, but it is not acceptable to be a carpenter and farm less than full time (40 hours per week as in #1 above).

3. The student's farm and family goals must attest to growth and projection in farming. Progress reports must be made to advisory committee at least annually.

4. Veteran Farm Management instructors should direct students with questionable interest in farming to the Veteran Service Officer or Counselor for guidance in other pursuits where he can use his entitlement.

5. It is the duty of the instructor with the help of the advisory board to inform the school officer in charge of the program when a student no longer meets the requirement.

6. The Advisory Committee not only advises the school administrator which veterans are eligible for the program, but also the order of priority in which they should be enrolled in the Veterans Farm Management class.

STATEMENT OF ROMAINE S. FOSS, SUPERVISOR, MINNESOTA STATE APPROVING AGENCY FOR VETERANS EDUCATION

Mr. Foss. I have provided a statement for you, but I will try to summarize very briefly. We believe that there are two questions here: First of all, what makes a farmer or a veteran qualified for this farm management program; and, secondly, who decides whether or not he is qualified.

In the first place, we believe that once a man is deemed a farmer, when he has the farm and he is putting in the time that is required by both the Veterans' Administration and by the State, why then it shouldn't make any difference—any difference at all—what else he might do with the time that he has left.

We think that there are many people who work two jobs, sometimes three. A couple of the people who work for me have jobs that they work on Saturday and things of that sort. I don't think that detracts.

As long as it doesn't detract enough to bother the job that they are working, then it shouldn't make any difference. And I think that the farmer should be treated the same way.

The other point, in my estimation, is who should decide who is qualified. Actually, the regulation as it is written says that this is approval criteria; and approval criteria is the responsibility of the State, the State approving agency.

Now, we accepted that responsibility when this directive came out several years ago—1974 or 1975, as I recall. We accepted that responsibility and the State of Minnesota made requirements. The State board of education declared a policy that stated what we felt should be the qualification of a farmer. Actually this policy that the State of Minnesota has, in my estimation, is slightly more strict than the one described by the Veterans' Administration in their letter to our Congressman.

We think that the Veterans' Administration did originally expect the State to do this. And, as I say, we did for a couple of years, at least—2 or 3 years—until the policy was changed. I think that the business of eligibility of a veteran—a man as a veteran is certainly the responsibility of the Veterans' Administration. But I think that the responsibility of who goes into each and every school of the State should be the responsibility of the school and of the State. And if you read the Veterans' Administration regulations, that is exactly what it says. But I must say that they don't do it that way.

I have had several questions, and I think that it is worthy to point out that I am not a farmer. I am the supervisor of the State approving agency for veterans education. I have no training background. I have no particular farming interest to whet my appetite for this disagreement. I just think that this is something that needs adjustment in order to be fair and equitable to this type of veteran. Thank you.

Mr. OBERSTAR. Mr. Chairman, I would like to present two case examples: The case of Robert K. Thompson of the little farming area of Esko, Minn., in my district, is the first.

This veteran was born and raised on a farm. He worked as an air controller in the military. He has five dependents including a widowed mother. His wife is attending a nearby college on a student loan.

He started with a 20-acre operation, built a stock pond, shelter belt, fruit trees, improved the drainage, improved the soil. The plans are to sell this improved farm this year and buy a larger farm and discontinue all together his off-the-farm work.

His veterans benefits have been kept separate from other funds and used only for his farm operations. He averages 34 hours a week in his off-the-farm employment and 50 to 60 hours work a week on the farm.

The conclusion by the Veterans' Administration was:

> The veteran and his wife are clearly making every effort to enhance the skills and provide for a family and establish themselves as full-time farmers. Decision: You do not meet the requirement of the law that a veteran be engaged in substantially full-time agricultural employment.

I wonder what the hell they are doing down there in that Veterans' Administration.

Now Robert J. Paulson is from the little town of Askov, Minn. Now, he said,

> I am presently engaged in full-time agricultural employment. I spend 50 to 70 hours a week directly involved in operating and maintaining greenhouse, nursery, and building up my farm preparing for a full-time pig operation.
>
> Purchased two tractors to use with the pig operation and lumber enough to build a 20 by 40 farrowing house which will soon be under construction.

He goes on to describe his gross income and says:

> My intent for the future is to work into a full-time pig operation and phase out the greenhouse.

Veterans' Administration determination: Benefits to be terminated and demand for repayment of benefits totaling $3,434 for past educational benefits received because the VA determined that this man was not engaged in farming.

Now, there is an injustice here. We have cited just three cases. There are hundreds like this throughout the State of Minnesota. There is something with the Veterans' Administration and with a government that can't follow through on its promises to the veterans.

Thank you for hearing us out. We will be glad to respond to questions.

Chairman **Hefner**. Thank you, Mr. Oberstar. Mr. Foss, at the bottom of page 2 you state that the question of who is the farmer should be the business of your agency rather than the VA.

What is your relationship with the VA and are you bound by VA regulations and congressional statutes? And just how do you proceed in approving a course for veterans?

Mr. Foss. Well, what is our relationship with the Veterans' Administration? I suppose what you are referring to would be the contract and the fact that—of course, we both appear in title 38 as being part of this business of veterans education.

We are asked to cooperate with each other and wording of that sort which I can't recite. In addition to that, we do have a contract with the Veterans' Administration to do certain things that also appear in title 38, I might add.

Most of the things in the contract, in my estimation, are unnecessary because we would do them anyway by virtue of the GI bill, title 38.

The rest of your question: How should we go about approving these courses for the farmer and deciding who is the farmer?

First of all, I mentioned that when this VA Regulation 14264 came out, we in the State of Minnesota read paragraph C where it says, "Approval criteria" and indicates that the appropriate State approving agency may approve the application of such schools when the school and its courses are found upon investigation to have met the following conditions.

The second part of that indicates subparagraph B. This is listed by the Veterans' Administration as approval criteria. In other words, they are telling us what our business is here. They are telling us that this is our responsibility.

If you look back up there in paragraph B and there is the third paragraph under B where you find the part that we are discussing.

Now, very frankly, you may be surprised, but I have no objection at all ot the way that this thing is written. I have no objection to the way that that law is written, but I don't think that the regulation and the law are being carried out in that manner in the State of Minnesota.

We have attempted to do this. And for 2 or 3 years we did it. Then the attitude or the thinking of the Veterans' Administration seemed to change and they said that this was their business rather than ours and, of course, by that time a lot of things had happened such as Mr. Rudnitski, who had been in the course for a year.

We have a policy established by the Minnesota State Board of Education and this policy requires an advisory committee of prominent local people to make perhaps not the final decision, but a decision as to whether or not these people are actually serious farmers in that community.

We think that these people have a very basic judgment in this matter. They know these folks. They know Rudnitski. They know whether or not he is farming a lot better than I do and my people.

We do lean on those folks. They do not go scot-free. We check them and, particularly in cases which have hit a borderline, we look at them pretty closely.

We think that these people do a good job and that they are the basic and primary source of information as to whether or not Mr. Rudnitski and the rest of them are farmers.

Chairman **Hefner.** Do you believe that the present law is broad enough to permit the VA to change some of its regulations on these programs, or is a change in the law required in your opinion?

Mr. **Foss.** I guess in my opinion the law is broad enough the way it is to do exactly what we have asked. I think that the only necessity, if there is one, would be to require that a man can do some of these things that we discussed this morning and still be considered a farmer. I have never thought that the law or the regulations should be changed or would have to be changed.

Mr. **Daniel.** Could I comment, Mr. Chairman? Mr. Chairman, and members of the subcommittee, I don't see any need for change in the law. I don't see any need for change in the regulations. It seems to me that our problem turns on the interpretation of the regulations. I submit that the requirement that the individual's expected source of livelihood must be farming is what we are really talking about.

In my wildest imagination I can't believe that the Congress intended that the individual is going to have to show a certain amount of profit from his farm every year.

I have said in past meetings that we have had that I know hundreds of established Minnesota farmers who are a going concern, are farming big and they had no black ink. They were in the red 2 or 3 out of the last 10 years. They couldn't show any profit because the economy suffered a downturn.

Now, if the check is made on any one of these students, then, under the circumstances, they will be expelled because the comparison is made between the net farm income to the gross off-farm income. That makes no allowance for what the individual took out of his farm produce for supporting his family.

Mr. **Wylie.** Would the chairman yield?

Chairman **Hefner.** Yes.

Mr. **Oberstar.** Mr. Chairman, there is a parallel here, too. That is that I don't know of any case where the Labor Department has gone after a person who has taken OJT, on-the-job training or training at a vocational school for a machinist and then followed another trade and was asked to repay his benefits because he did something other than the training he was given. That is the kind of thing that is happening to these veterans.

Chairman **Hefner.** I yield to the gentlemen from Ohio.

Mr. **Wylie.** I thank the chairman for yielding. I must say that I am having some difficulty in getting a handle on the problem. The chairman asked if there needs to be a change in the law and the staff has given me a copy of the law here and it seems to be pretty loose, if I might use that word. From an interpretation standpoint it says, "A cooperative program other than a farm cooperative." So we are not talking about a farm cooperative in that paragraph.

We go down and it says, "A farm cooperative program consists of institutional agricultural courses prescheduled to fall within 44 weeks of any special period." And then it says, "And who pursues such program on a full-time basis", and then it says, "a minimum of 10 hours a week." Well, that is a minimum, it seems to me, if he is in farming for 10 hours a week. And then it says "The eligible veteran is currently engaged in agricultural employment relative to an agricultural course." I don't know how much more broad we could make the law. I mean, we could make it 5 hours a week, but it doesn't seem to me that 10 hours is a very stringent standard.

Mr. **Oberstar.** The gentleman raises a very important point, and it goes to the heart of the cases that I cited a moment ago and Mr. Rudnitski's case. Here is one farmer who is spending 50 to 70 hours a week directly in farming. I don't have here exactly the number—about 40 hours a week off the farm--and another who is spending 34 hours in off-the-farm work and 50 to 60 hours in farm and agricultural class programs.

Now, if that isn't a commitment to farming, I don't know what it is. The law doesn't need to be changed. You have got some folks downtown here who have never been off the VA reservation. They don't know what a farm looks like or how farmers work. That is the thing that is exasperating to our people.

Mr. **Wylie.** What you may be saying then is that there is somebody in the Veterans' Administration who is abusing his discretion or not using the proper discretion in the administration or interpretation of the law? Is that what——

Mr. **Oberstar.** I think that the gentleman put his finger on it very well. That is not using the proper discretion.

Mr. **Wylie.** I think that probably the hearing should be before him then.

Mr. **Oberstar.** We have carried this all the way through the Veterans' Administration, except for taking it to Mr. Cleland himself, and we have gotten no satisfaction from the VA.

Mr. **Wylie.** Do we have a VA representative coming up?

Chairman **Hefner.** Yes.

Mr. **Wylie.** OK.

Chairman **Hefner.** How widespread is that? In how many States do we know that there is this situation?

Mr. **Oberstar.** At the outset——

Chairman **Hefner.** How many would you estimate that you have in the State of Minnesota?

Mr. **Oberstar.** In response, first of all, it is Minnesota, North and South Dakota, Iowa, some in Wisconsin. There are other States. I don't know how many. How many do we have, F. B., in Minnesota? How many cases?

Mr. **Daniel.** I don't know. I am not even aware of all of them. Congressman, I do know of many veterans who, having seen the experience of others in their own community or in another community, just threw up their hands and gave up because they had seen their peers struggle for months and accomplish nothing. There is a goodly number of cases.

Mr. **Oberstar.** There are about 200 cases, at least, of farmers who have been in this problem—either have had their benefits terminated or were asked to repay——

Chairman **Hefner.** Well, what percentage does that represent? How many are involved in this who are having no problems—what percentage would you say?

Mr. **Foss.** We have had various numbers. We have had at our——

Chairman **Hefner.** What is the most that you have had at one time?

Mr. **Foss.** At the peak we have perhaps had about 100 courses with maybe an average of 20 in a class. That is at a peak. That would be what—2,000. That would be 2,000 people. Now it is down, obviously, because the veterans are running out.

Chairman **Hefner.** So you have got 10 percent.

Mr. **Foss.** It is more like 50 classes. There may be half of that now. Maybe half of that.

Chairman **Hefner.** So you have either got 10 percent or 20 percent having a problem in the State of Minnesota.

Mr. **Oberstar.** That is right.

Mr. **Daniel.** Mr. Chairman, if I may, it goes beyond that in that when by elimination of the farmers that we are talking about whom we think have a legitimate farming operation—as they are eliminated you get down to where you have less than a minimum number to continue a class in a community and all of them are thereby cut out of their benefits because it is no longer feasible to offer a class in the community.

The reason for it, of course, is what we consider the improper elimination of some. So, just the individual whose eligibility has been removed or suspended by VA can, in fact, affect many more and very often does.

Chairman **Hefner.** Well, I thank you very much for being with us today. I will yield to the gentlelady from Massachusetts.

Mrs. **Heckler.** I would just like to say that I am sympathetic. There is a very definite conflict between the statements and the case histories as presented and the law as my colleague has read it. I think that this is a question that should be appropriately addressed by perhaps the next witness. I certainly will be supportive.

I think that this should not require a change in law. I think that it would require a change in policy and implementation. But I want to thank my colleague from Minnesota for his contribution.

Chairman **Hefner.** The gentleman from Texas.

Mr. **Leath.** Thank you, Mr. Chairman. I just would say that I welcome our dear friend and colleague, Jim Oberstar, to the subcommittee in doing what he does best, which is fighting for the people in his congressional district in Minnesota.

Jim, we appreciate your being here and bringing these gentlemen with you.

Chairman **Hefner.** Mr. Wylie?

Mr. **Wylie.** I have no further comments. Thank you.

Chairman **Hefner.** Mr. Daschle?

Mr. **Daschle.** Thank you, Mr. Chairman. I certainly want to commend the gentleman from Minnesota for bringing some people from his State to the subcommittee this morning

I am from a farm community myself. It is an area in which I am very deeply concerned. I, frankly, was not aware of the seriousness of this situation until you testified this morning, and I appreciate your doing so.

I am still very concerned about your lack of interest in changing the law, however, if you believe that this is so prevalent. I don't see where, if you think that the law is so clearly written, we can have such a gross misinterpretation of that law in the regulatory process. Could you elaborate on that further?

Mr. Foss. Perhaps I didn't state my feeling well enough. You say that the law is so well written. I guess that I really don't think that the law is very well written. I think, as was pointed out by one of your colleagues, that it is pretty loose.

I think that what I said was—and perhaps I was misunderstood—in answer to a question, "Did I think that the law had to be changed in order to make this change that we are asking for."

The answer still is, "No, I don't think that it has to be changed." I think that what we are asking for could come from within the law as is it written now. I do also think that in order to require it to be changed and to make sure that it is changed, I think that the law obviously should be changed, too, and made more definite in this direction.

Mr. Daschle. OK. I am not advocating this necessarily, but if you are saying that a change in the law would have to be made, number one, you would say that it would have to be at least clarified in the amount of the income derived from a farm vis-a-vis any other type of employment. Is that one clarification in the law that is needed?

Mr. Foss. Well, I think that the tabulation and the comparison with outside work of any kind should be abandoned.

Mr. Daschle. Just abandoned entirely?

Mr. Foss. Yes.

Mr. Daschle. And if a farmer is living on the farm would you use that as a criterion?

Mr. Foss. If he is established as a farmer within the rules that we have required of him.

Mr. Daschle. Well, that is pretty vague. I don't want to base it on the rules that you have required. How would you suggest that you determine which is a farmer and which is not a farmer?

Mr. Foss. I think that the point is time spent, and whether or not he actually has a farm. I think that it can be decided by the proper types of people whether or not this man has the equipment and the necessities to farm and to determine whether or not he is farming.

Mr. Daschle. Would you say that living on the farm is adequate?

Mr. Foss. Living on the farm? No; not necessarily just living on a farm. I think that you could get into the hobby farmer classification with that remark. I am not looking for that at all.

Mr. Daschle. Well, I guess that what I am after—and I don't mean to press you on this right now, but I do feel that you raise a very good point. We should find a clarification of the criteria then which is different from what is now being interpreted. I would like to have your guidance or guidance from anyone there on just what criteria we use to further clarify this whole thing.

Mr. Oberstar. Would the gentleman yield there? I do think that the law ought to be clarified, and that it ought to be so written to reflect the full consideration that is made in determining whether a person is engaged in agriculture and intends to make agriculture his or her future and permanent career.

Now, there are factors that the Department of Agriculture uses for a variety of programs to determine whether a person is substantially engaged or engaged on a full-time basis in agriculture.

Those criteria could be used for this program. Furthermore, the Veterans' Administration does not use any criteria such as class attendance, record of tardiness, achievement of farm goals, family goals, farm visit records—they use none of these factors in making that determination as to whether the veteran engaged in an agricultural education program is eligible to continue.

They simply look at if he is engaged in off-farm employment. They look at that growth income and compare it with his net farm income, and on that narrow basis they make a judgment as to whether or not he is eligible to continue.

Now, they are taking this law—and as the gentleman from Ohio expressed it earlier--it is very broadly written and very loosely written and they are interpreting it the way that they see fit. Now, these folks in the VA have no idea of how a farm is conducted.

Mr. Daschle. If I can interrupt for just a second—I don't want to use up too much of everyone's time here, but I want to ask one other question because I think that one of the witnesses asked or made the statement that your eligibility criteria is also based on the size of your farm. Is that correct?

Mr. Daniel. Mr. Chairman and members of the subcommittee, that is precisely what I have read in file after file of individual veterans. I know an individual, for example, who started out with a very few acres. He had only 10 acres, but his farming operation was to be a confined hog operation. Now, he worked in a nearby town. Anybody who knows anything about farming knows that you don't need 160 acres to have a confined hog operation. The man was in his farming operation. He had his hog operation going.

He demonstrated in writing—he offered proof to the Veterans' Administration that he made more than $2,000 net—more from his confined hog operation in the past year—that is what they asked him for—than he made in his off-farm, but they declared him ineligible. The two reasons that they gave were "you are employed full-time"—incidentally, he offered proof that he spends an average of 51 hours a week at his farming operation. He worked between 35 and 40 hours a week at the shop off-the-farm. He showed more than $2,000 net more from his farm than from off-the-farm. He was thrown out of the program and the two reasons given were, "You are employed full-time off-the-farm and it is the size of your farm."

Mr. Daschle. Well, that is ridiculous. This will be my last question, Mr. Chairman. Can you tell me what the law says regarding the interpretation of size as a means of credibility or eligibility?

Mr. Daniel. I can't find anything in it. I have looked for it. I don't see that there is any reference, and I have asked in the process, "How do you define so the veteran knows what he has to comply with?"

I have never gotten an answer.

Mr. DASCHLE. Well, it certainly seems to me that we have seen a classic case here of a gross misinterpretation of the law. It seems to me that a clarification, at least, through legislation might be called for here.

I want to thank the chairman for yielding me this time.

Chairman HEFNER. I think that maybe we can get some opinions or answers or clarifications because we have the VA testifying next. The gentleman from Michigan?

Mr. SAWYER. Yes; I want to commend the gentleman from Minnesota for bringing this thing here. My district isn't so very different from northern Minnesota. I am in the northern part of Michigan. We have some reasonable amount of farming in my district and we are on the northern fringe of the farming area so some of it is pretty marginal.

With today's capital requirements to go into farming, unless you are lucky enough to inherit one, the cost of tractors and so on has substantially doubled in the last 5 years. Land costs, stock costs if that is the type of thing that you are in or trees if you are in orchards—that all makes it virtually impossible for a young person to get into farming without supplementing while they are trying to finance and put this thing together.

It is just about impossible in our area. The farms aren't basically that rich and the cost of everything is so high that it seems to me totally reasonable. I don't understand it at all. I am impressed with the gentleman from the State of Minnesota who says that they have advisory committees, if you will, in their areas that really know what this person is doing and know what his intent is.

I am startled at the comparison of the gross to the net. Everyone knows that the tax laws somewhat favor the farmers and what they have to report as income and what they can depreciate and that sort of thing. I just think that it is comparing apples to oranges as to what your gross income is from wages against where substantially no expenses are subtracted even though there may be some. In farming, of course, you are reporting on a business basis with depreciation.

So, I am ve y sympathetic and I appreciate the gentlemen from Minnesota having brought it to my attention.

Mr. OBERSTAR. We would be very happy to have the gentleman administer this program for a week and straighten it out. He shows greater understanding in a few minutes of this hearing than the VA has shown in the last 2 years.

Chairman HEFNER. The gentlemen from California?

Mr. GRISHAM. No, thank you, Mr. Chairman.

Chairman HEFNER. We would like to thank you. I thank our colleague for being with us today. If you would like to stay, we will get to our next panel up here. We would like to thank you for being here.

[Witnesses excused.]

Chiarman HEFNER. Our next witness is Mr. C. Lewis Dollarhide, Acting Director, Education and Rehabilitation Service of the Veteran's Administration.

We would like to welcome you to the subcommittee, Mr. Dollarhide and in the interest of time we certainly don't wish to cut anyone short, but in the interest of time if you would like to paraphrase your statement it will be made part of the record in its entirety.

[Statement follows:]

STATEMENT OF C. L. DOLLARHIDE, ACTING DIRECTOR, EDUCATION AND REHABILITATION SERVICE, VETERANS ADMINISTRATION

Mr. Chairman and members of the committee, we are very pleased to have this opportunity to appear before you today to provide you with an overview of our various educational assistance programs.

Before going into the specific program areas on which you have asked us to comment, I would like to say a few words about the overall good health of our education programs as they stand today. Over the years, in its administration of the education program, the Veterans Administration has gone from a period of heavy emphasis on issuing benefit checks as rapidly as possible, to a position in more recent years of greater concentration on assuring the integrity of our program. Now, as we begin another decade in our administration of the GI bill, we are at a point where we can emphasize and improve both areas.

As we enter the 1980's, I think it is appropriate to call to mind the huge success of the GI bill over the last 35½ years. It's been a program which has been responsible for the education and training of some of our country's most prominent and influential figures. It's been a program which has held out the promise of a better future for legions of returning servicemen and women, and which, more significantly, has fulfilled this promise. Lastly, it's been a program which has been continuously refined to keep pace with, and to meet the challenges of the constantly changing times. The successes of the GI bill will continue in this decade.

Over the last few years there has been a general decrease in the number of GI bill trainees as more and more of them have reached their delimiting dates. Most recently, in fiscal year 1979, there were some 1.3 million GI bill trainees, a drop of 16 percent from the 1.5 million trainees we had in fiscal year 1978. We expect that the number of trainees will drop to about half a million in fiscal year 1983.

For fiscal year 1979, the types of training in which GI bill veterans participated are as follows: 75.6 percent attended institutions of higher learning, 3.8 percent took correspondence training, and 1.9 percent took flight training. In other areas, 6.6 percent of GI bill trainees pursued OJT and apprenticeship training, while .8 percent engaged in farm cooperative training.

The total training costs for all of our education programs was $2.8 billion in fiscal year 1979, compared with $3.3 billion in fiscal year 1978. We project training costs of $2.3 billion in fiscal year 1980 decreasing to $1 billion in fiscal year 1984. Under the current GI bill, a total of almost $30 billion has been expended.

VA EDUCATION LOANS

In October 1978, Pubic Law No. 95–476 was enacted. This law gave the Administrator authority to promulgate regulations which would ensure that VA education loans are made on the basis of financial need directly related to the costs of education. In addition, this law gave the Administrator authority to limit eligibility for such loans to eligible veterans and eligible persons attending educational institutions with relatively high rates of tuition and fees. Public Law No. 95–476 also authorized the Administrator to require a shorter repayment period for smaller loans. We have, accordingly, drafted regulations which would limit VA education loans to those individuals attending high-cost schools, and which also would provide for shorter payback periods for smaller loans. These proposed regulations were published for comment in the Federal Register of November 9, 1979. We anticipate that they will be published in final form within approximately 30 days.

As for education loan activity, we made 11,040 education loans in fiscal year 1979. We anticipate that this number will drop to approximately 10,900 in fiscal year 1980 and to about 6,400 by fiscal year 1984. In dollars, we are talking about $8 million in education loans for fiscal year 1979, compared with an anticipated $6.1 million in fiscal year 1984. In 1979, the amount of an average education loan was $727. This amount is expected to rise to $780 in 1980, and to $953 by 1984 because of increasing educational costs.

As of December 31, 1979, the VA made a cumulative total of 67,649 education loans, totalling $65.4 million. Of these 67,649 loans, 33,292 either had previously matured or had become due for repayment by the end of calendar year 1979. Of that number, 19,127 were in default. The cumulative default rate was 57.5 percent of the loans that had matured by the end of calendar year 1979.

ACCELERATION

Public Law 95–202, the GI Bill Improvement Act of 1977, provided a new accelerated benefits program for certain veterans and eligible persons enrolled in high cost educational institutions. The law authorizes accelerated payment only if it is matched dollar for dollar by the State (or local governmental unit) in which the institution is located. This matching payment would be combined with the accelerated VA payment to partially cancel any outstanding VA education loans under 38 U.S.C. § 1798 upon satisfactory completion of the student's program of education.

In accordance with the mandate of Public Law No. 95–202, the Administrator in February 1978, sent out letters to the governors of every State, as well as the Mayor of the District of Columbia and the governors of American territorial possessions, calling their attention to the Federal/State matching fund provisions of the program and urging their support. We also offered our assistance to them in providing this opportunity to their veterans. To date, only one State—Louisiana—has enacted legislation to provide for acceleration, although that State has yet to provide funding for the measure.

CHAPTER 32 PROGRAM

Mr. Chairman, you requested our views on the success of the chapter 32 program for post-Vietnam era veterans. As you know, title 38, United States Code, section 1642 requires annual reports on chapter 32 to the House and Senate Committees on Veterans' Affairs. We are now in the process of compiling data for the third annual report (for calendar year 1979). We will not be in a position to draw valid conclusions regarding program effectiveness until we have analyzed all the data.

Our two previous reports on the chapter 32 program indicated that the total number of individuals who enrolled in VEAP in 1978 was 71,419, an increase of 30,930 over 1977 enrollments. In 1978, 24.8 percent of all newly enlisted personnel enrolled in VEAP, compared with 15.2 percent in 1977. Participant rates in percentages for those eligible in 1977, 1978, and in two years combined were as follows:

	1977	1978	1977/78
Army	20.4	34.1	27.5
Navy	19.9	32.4	26.4
Marine Corps	7.9	13.7	11.1
Air Force	1.0	7.1	4.6

Our previous reports also reflected that in 1977 and 1978, VEAP participants were almost exclusively enlisted personnel. We also found that out of the 111,731 service-members who enrolled in VEAP in 1977 and 1978, 85,882 were still enrolled in the program as of January 1979. We do expect an increase in chapter 32 beneficiaries in 1980 when three-year enlistments will have been completed.

Mr. Chairman, last March when we appeared before your Subcommittee we indicated that we were reviewing and evaluating proposed joint regulations on chapter 32. I am happy to report that we published the chapter 32 regulations in their final form in the January 2, 1980 edition of the Federal Register.

I would like to mention a problem we are having in the chapter 32 area. Under existing law, if a veteran dies after having contributed to the fund, the VA will make a refund to his or her designated SGLI beneficiary or, if none, to his or her estate. We have encountered an unexpectedly high number of death refund claims submitted when the veteran had not previously designated any SGLI beneficiaries or had no SGLI policy. In such cases the refund may only be paid to the participant's estate. Furthermore, such refunds to the estate can be expected to increase since we anticipate that more deaths will occur after service, when SGLI is generally no longer in effect. When a participant dies intestate and without SGLI beneficiaries designated, the VA currently must require formal estate administration, or pay the refund under the laws of descent and distribution of the participant's domicile. Both of these alternatives are time consuming and impose a financial burden on the claimants, especially when the amount involved is small. (The amount at issue would range from $50 through $2,700.)

We are submitting legislation which would clarify the method of disbursement of chapter 32 unused contributions upon the death of the participant. Our proposal would require that chapter 32 unused contributions will be paid, upon the death of the participant, in the same order of precedence as the SGLI program. We will be discussing this matter in greater detail at the March 6, 1980, hearing before the committee.

CHAPTER 31 PROGRAM

Mr. Chairman, we want to thank you for your prompt action on our chapter 31 legislative proposals. Hopefully, the Senate will soon take similar action.

We have made substantial progess this past year in our chapter 31 program. I would like to review our accomplishments during this past year, and our plans for 1980 in the vocational rehabilitation area.

During 1979 we made special effort to carry out recommendations from two VA studies of the vocational rehabilitation program. The first of these studies, entitled "Study of Provisions for Veterans Vocational Rehabilitation" was submitted to Congress and the President on September 28, 1978. It emphasizes the need for a broadened scope of VA services and focuses on job placement and adjustment in employment as the goal of vocational rehabilitation. The study also stresses the need for a more effective service delivery system, ongoing training of rehabilitation staff to ensure the best level of professional practice, and improved methods of program accountability.

In 1979, the VA's Office of Planning and Program Evaluation completed the second such study, entitled "Vocational Rehabilitation: A Program Evaluation." This study reviewed vocational rehabilitation services in the VA as a whole, and relied heavily on the results of a questionnaire sent to a sample of Vietnam-era veterans concerning their satisfaction with VA services, including the vocational rehabilitation program. On the basis of the questionnaire responses and other information, a number of recommendations were made in this study to improve program management and accountability in relation to outreach, employment assistance, and coordination of services. These recommendations provided additional support for administrative changes recommended in the "Study of Provisions for Veterans Vocational Rehabilitation."

We have also reviewed, in draft form, a GAO study entitled: "New Legislation and Stronger Program Management Needed to Improve Effectiveness of VA's Vocational Rehabilitation Program." The heart of this GAO study is a review of procedures followed by the Department of Veterans Benefits in providing services. GAO conducted its own on-site evaluations at three VA regional offices (Los Angeles, Denver, and Cleveland), and its findings are largely based upon a study of case samples from these stations. GAO includes in its report findings and recommendations bearing primarily upon delivery of services and program accountability.

The GAO recommendations appear to be consistent with those of the VA studies just discussed, and we already have undertaken changes to correct some of the problems revealed. To implement the various VA and overlapping GAO study recommendations, we have proposed legislation and have taken the following administrative actions:

We have issued specific new policies and procedures with reference to service disabled veterans to expedite counseling, processing of training awards, and processing of supplies and equipment on a priority basis.

We have increased career employment assistance through VA Career Development Centers (CDC's). We are substantially expanding this program with plans for installing CDC's in 33 regional offices in addition to the four already operational; viz., San Diego, Washington, Baltimore and Newark.

We have revised the job description for the vocational rehabilitation specialist (VRS), and have expanded the duties of the VRS to include problem-solving counseling assistance, case management responsibility, and career development center coordination. The addition of authority for the vocational rehabilitation specialist to provide problem-solving counseling will eliminate the need to refer the veteran back to the regional office, except where the need is for full professional-level counseling service.

The Administrator established a new concept of rehabilitation which will be used as the basis for planning and policy development in vocational rehabilitation. The concept stresses the comprehensive and unitary nature of the rehabilitation process, the need for planning and integration on an intra- and inter-agency basis, and the goal of providing for maximum independence of the disabled veteran. For example, we have issued instructions which establish procedures for improved DVB–DM&S coordination and integration of services within the VA. Such coordination and integration involves joint planning and continuing interaction during implementation of the plan that is developed. As a mechanism for facilitating coordination, designated staff in VA medical centers and regional offices are being assigned rehabilitation case management functions.

We are also making progress in the area of staff development. To insure that practices and methods utilized are in accord with modern concepts and advanced knowledge in the field of rehabilitation, a series of 5 Central Office-directed staff training sessions were conducted. In fiscal year 1979, approximately 475 counseling psychologists and vocational rehabilitation specialists from 57 regional VA offices participated in the training. These conferences focused on current techniques of evaluation, counseling, and rehabilitation of seriously disabled veterans. Presentations, made by experts in the field of rehabilitation, included orthopedic assessment, rehabilitation medicine assessment, psychological vocational testing, neuropsychological problems of the disabled veteran, rehabilitation engineering, the role of organized labor in the rehabilitation of the handicapped, and job placement and development strategies.

In addition to a general program of staff development for all staff, a special program has been established to provide vocational training for those staff members who need additional training to carry out the broadened responsibilities outlined in the new (VRS) job description.

Finally, we have undertaken a comprehensive review and reorganization of regulations governing the vocational rehabilitation program, and have completed a draft of new, up-to-date regulations. The purpose of the review is to have the regulations more clearly express the purpose and intent of the program, and to make them more comprehensive.

In 1980, we will direct our efforts toward implementation of policy initiatives established in 1979 and toward the completion of additional projects under study. We plan to continue efforts to establish career development centers and to further implement DVB–DM&S coordination. The following is a summary of what we will be accomplishing in 1980 in the vocational rehabilitation area:

Rehabilitation Task Force.—The mission of the Rehabilitation Task Force is to recommend an agency-wide plan for implementation of the Administrator's concept of rehabilitation. This plan would develop within the VA a system of comprehensive, integrated, and coordinated delivery of rehabilitation services. This delivery system would include, but would not be limited to, the physical, psychological, educational, vocational, and avocational needs of the veteran and eligible beneficiaries.

Study of the Work Measurement System.—We began reviewing our work measurement system in 1979. At present the system measures relative productivity and effectiveness of a station and its functions, primarily those related to claims processing. A major purpose of the review is to determine whether the system can be modified to reflect more accurately the present work processes and priorities and the essential services rendered. Subsequent efforts are expected to cover more comprehensive accountability measures associated with the quality of the service and the rehabilitation outcomes achieved. Such additional information will serve as a basis for improving planning and management.

Outreach and Employment Assistance.—We will soon put into effect a comprehensive revision of current procedures in outreach, on-the-job training, and employment assistance under chapter 31. The new procedures target those veterans in the service-disabled population who have long-term employment and readjustment problems, including minority veterans, those with severe disabilities, those with neuropsychiatric problems, and those with less than a high school education. The effect of the changes should be increased involvement of these veterans in rehabilitation programs and increased assurance that their training will result in meaningful employment.

Staff Development.—Three staff conferences (one in each region) will provide additional training in areas of testing and employment assistance. Other efforts involve affirmative action and individual programs to upgrade and broaden skills.

Research and Development.—The VA is participating in a joint effort with the Postal Service and other agencies to train and place disabled veterans in newly developed governmental positions. A pilot project has been established in Baltimore which should serve as a basis for similar efforts elsewhere.

WORK-STUDY

Utilization of the work-study program has declined by a very small percentage. There were some 630,000 fewer hours worked in fiscal year 1979 compared with fiscal year 1978, a decrease of slightly less than one percent. This percentage contrasts with a 16 percent drop in veterans eligible to participate in the program.

For fiscal year 1980, our field stations have projected a total work-study usage of about 9.1 million hours, categorized as follows: 43 percent—school paperwork processing; 25 percent—VA medical facilities; 16 percent—VA paperwork processing; and 11 percent—outreach. The remaining 5 percent will be used in our National Cemetery System and in other activities.

These projected total hours are maximums. Our experience has shown that actual usage ranges from 60 to 75 percent of the projection. Therefore, we anticipate that the total usage will be somewhere between 5.5 million and 6.75 million hours.

VET REPS

Originally, we had 1,327 Veterans Services employees assigned as Vet Reps. They provided personalized service to students at almost 3,300 educational institutions on a fulltime or regularly scheduled basis. In 1975 they assisted in expediting over 500,000 educational assistance payments and conducted about 2.5 million interviews. At the end of fiscal year 1977, 1,044 VA employees were assigned as Vet Reps and were providing regularly scheduled service at 4,300 educational institutions.

During fiscal year 1978, Vet Reps provided assistance at over 4,000 schools. At the end of the year, they were aiding veterans at 3,595 schools. Of these schools, 287 (278 college-level and 9 other) were provided full-time service and 3,308 (2,166 college level and 1,142 other) received part-time service. Vet Reps expedited over 260,000 payment inquiries and conducted over 1.7 million interviews. In addition, they performed other duties in the areas of schools where they served. Vet Reps performed over 4,500 field examinations and conducted 475 compliance surveys at schools other than those they primarily served. They also performed 3,000 liaison visits with school authorities and conducted visits to area prisons to assure that veteran-inmates were advised of benefit eligibility.

At the end of fiscal year 1979, there were only 296 Vet Reps. Most Vet Reps have been reassigned to our regional offices in Veterans Services and Adjudication Divisions. We project that there will be a total of 197 Vet Reps in fiscal year 1980.

Due to the reduction in veteran-students and the cutbacks in congressional appropriations, many schools have either lost Vet Rep service or have been assigned a Vet Rep on a part-time or on-call basis.

The Vet Rep program is required by law (section 243 of title 38, United States Code). We believe that this requirement should be repealed, and that those currently serving as Vet Reps should be converted to Veterans Benefits Counselors. This would give such individuals broader duties, and would make better use of available resources.

EDUCATION LITIGATION

Mr. Chairman, you also requested information on the status of lawsuits which have been filed against the Veterans Administration with regard to education and training programs.

On March 27, 1979, and again on July 31, 1979, our testimony before your Committee included discussions of pending major VA education litigation. At the first meeting, we furnished you with a written summary of the status of each of these lawsuits. We have since updated this summary and are providing the same to you with our statement for today. I do want, however, to briefly review for you certain of the cases highlighted in last year's testimony.

First, in the area of school liability, I am pleased to report that on January 7, 1980, the United States Supreme Court denied certiorari in the case of *Colorado v. Veterans Administration, cert. denied* (No. 79-582, 1979 Term). Thus, after more than 2 years of litigation concerning the constitutionality of section 1785 of title 38, United States Code, the VA's right to hold an educational institution liable for overpayments resulting from its failure to promptly and properly report discontinuance of enrollment has been upheld.

As you may recall from our earlier testimony, the suit was brought by the State of Colorado and two junior college districts in that State. They alleged that the school liability statute, section 1785, and the VA regulations and procedures implementing it were unconstitutional. They further claimed that the VA procedures were in violation of section 1782 of title 38, which prohibits Federal control of State educational institutions and agencies, and were also in violation of the Administrative Procedure Act (APA), 5 U.S.C. § 554(a).

The District Court upheld the constitutionality of section 1785, but it found that VA determinations of liability were subject to and must comply with the APA. This prompted us to declare a moratorium on school liability collections in order to review our school liability procedures. Ultimately, this review led to promulgation of revised procedures which were directed at many of the concerns voiced by schools.

Both the State of Colorado and the VA appealed the district court's judgment, and on July 11, 1979, as we reported earlier, the Tenth Circuit affirmed that judgment with modifications. The appellate court noted that, subsequent to the lower court's decision, the Congress enacted Public Law No. 95-202, which included an amendment restricting the VA's right to set-off liability against school reporting fees. The court stated that this would make it necessary for the government to sue to collect a contested school liability claim, and suggested that such a suit would be de novo in character. Under these circumstances, and finding that section 1785 does not provide for a "hearing on the record," the court concluded that the APA does not apply to VA determinations of school liability. It also found that the case was essentially a matter of basic contract law and provided no basis for claiming either unconstitutionality or interference with State educational processes.

I might point out here that following the 10th Circuit's decision, the cases being litigated on the same subject matter in Maine and Florida (referred to in the litigation summary provided) were voluntarily dismissed.

The rather weighty issues addressed by the courts in this litigation may be considered settled, thus relieving us of the burdens which attended our defense. However, we now anticipate that a substantial use of our resources will be required to decide and collect school liability claims.

The second area of litigation I want to touch on involves the controversy over collegiate course measurement. More particularly, it involves the full-time credit hour measurement criteria contained in section 1788(a)(4) of title 38, United States Code, as implemented by 38 C.F.R. § 21.4272(d) and § 21.4200(g), and by Department of Veterans Benefits Circular 20-77-16.

The regulations have come to be known as VA seat time or class session requirements since they collectively give the term "semester hour" its traditional meaning: one scheduled hour of classroom lecture each week of the semester for one semester hour of credit.

The first case highlighted in last year's testimony, and the first decided, is the case of *Wayne State University* v. *Cleland*. As we previously informed the committee, the case was appealed to the United States Court of Appeals for the Sixth Circuit which held that the Administrator had authority to promulgate the "seat time" regulations. The court found that the regulations were a rational implementation of the statute and a reasonable means of avoiding potential abuse of the GI Bill. It remanded the case for consideration of certain constitutional claims not decided by the lower court. The government since has filed a Motion for Summary Judgment as to such claims, which motion is currently pending before the district court.

The Sixth Circuit's decision in the Wayne State University case was followed by the Eighth Circuit in the case of *Merged Area X* v. *Cleland*, a suit brought on behalf of Kirkwood Community College, an accredited public institution of higher learning located in Cedar Rapids, Iowa.

The Eighth Circuit found that the challenged VA class session regulations reasonably define the term semester hour as used in section 1788(a)(4), and that their promulgation as well within the general grant of administrative authority contained in 38 U.S.C. § 210(c)(1). It further found that the regulations provided a uniformity necessary to prevent circumvention of the law, which would occur if each school could define semester hour as it saw fit.

This case also currently is on remand to the district court. A decision is pending before that court on plaintiff's motion to dismiss without prejudice, which the Government is opposing.

Finally, an appeal is pending before the Ninth Circuit in the case of *Evergreen State College v. Cleland*. The Government is appealing a district court decision that the VA had no statutory authority to define semester hours in a manner which imposes standard class session requirements. In view of the Sixth and Eighth Circuit precedents, we are confident that the Ninth Circuit will rule in the Government's favor in the Evergreen State College case.

OVERPAYMENTS

Mr. Chairman, I would now like to turn to the subject of overpayments which you asked us to address. At the end of fiscal year 1979, the dollar value of education receivables on hand showed an increase of 3.8 percent over the end of the prior Fiscal Year—from $403.4 million to $418.6 million. The fiscal year 1979 balance of $418.6 million included $49.2 million on hand at the Department of Justice, while the fiscal year balance included $21.6 million at Justice. In March 1978, our Centralized Accounts Receivable Section (CARS), began referring education receivables over $600 directly to the Department of Justice for enforced collection when VA administrative efforts were unsuccessful. These accounts, however, remain under VA accountability. Prior to March 1978, these receivables were referred to the General Accounting Office (GAO), which assumed accountability for the accounts transferred to them. Consequently, they were removed from the VA's books. Thus, in order to get a true comparative picture of the balance for which the VA has collection responsibility, we must deduct the balance on hand at Justice from the VA's balance. This gives us $381.8 million as of fiscal year 1978, and $369.4 million as of fiscal year 1979, a decrease of $12.4 million, or 3 percent.

Established receivables for fiscal year 1979 decreased by 11 percent, dropping from $394.8 million to $350.4 million. Total dispositions were down from $430.2 million during fiscal year 1978 to $335.1 million during fiscal year 1979—a 22 percent decrease. The decrease in dispositions was partially due to the fact that we referred $39.2 million in accounts to Justice in fiscal year 1979, and $23.3 million in fiscal year 1978. The accounts referred to Justice do not appear in the disposition totals since they remain on our books, and are as yet uncollected.

In other developments, in April 1979, we entered into a contract with IRS to furnish addresses of veterans with overpayments. Through December 31, 1979, we referred a total of 179,930 accounts to IRS for address information. The accounts referred include compensation, pension and loan guaranty, as well as education. We are actively pursuing collection on these accounts for which the IRS has provided a good address. The problem with these cases, however, is that if the debtor refuses to pay and a credit report is required to determine the course of further collection action, the VA is precluded from going to a contractor for a credit report using the address provided by IRS. Nevertheless, we anticipate some increase in dispositions due to our IRS locator service. A legislative proposal to resolve this problem is under consideration.

There has been progress in yet another area of overpayments recovery in the past year. The Justice Department granted authority to the VA, effective November 20, 1979, to conduct its own litigation on a test basis to collect educational overpayments when the claim is under $600. As a result, there are six District Counsels in the process of collecting approximately 900 terminated cases under $600 where the GAO had obtained credit reports (in preparation for test purposes). In addition, programming is underway to provide referral of active education accounts between $200 and $600 to District Counsels at 10 test stations. We are providing with our statement for today a paper entitled "The Pilot Program" which describes in detail the test program.

In Fiscal Year 1979, education loan defaults totalled 11,856, bringing the cumulative total defaults for the loan program since February 1975 to 19,128 ($16.2

million). The percentage of defaulted education loans to matured loans (those due for repayment) was 57.4 percent as of September 30, 1979. This increase from the September 20, 1978, default rate of 47.4 percent reflects the high number of loans that were paid prior to the revision of guidelines for the approval of loans in late fiscal year 1978. I do not want to point out that the dollars collected in fiscal year 1979 on defaulted loans increased 384 percent over fiscal year 1978.

In March of 1979, we initiated instructions to field stations requiring that no home loan guarantees be approved for veterans who have outstanding educational overpayments until such debts have been repaid, or until repayment arrangements satisfactory to the VA have been made. Results from this program have been highly satisfactory. For fiscal year 1979, cumulative cash collections under this new program totalled more than $3.7 million. Also, based upon established repayment plans and offsets due to reentrance into training, an additional $1.26 million in collections can be anticipated for fiscal year 1979.

CHAPTER 35 PROGRAM

Mr. Chairman, you also asked us to comment on the chapter 35 program. Through September 1979, there were cumulatively over 408,000 eligible dependents who had pursued chapter 35 training. Of this number, about 82 percent were studying in college and 18 percent were pursuing noncollege degree training. Less than one percent were involved in special restorative training. As can readily be determined from these statistics, the type of training most preferred by chapter 35 eligible persons is college-level.

At the end of December 1979, we had 54,926 eligible persons in training under the chapter 35 program. Of this number, 50,282 (about 85 percent) were pursuing college courses either at graduate schools, junior colleges or other undergraduate colleges. As for other types of training, there were 4,819 (about 9 percent) pursuing noncollege degree courses, and 293 engaged in on-the-job training.

The total number of chapter 35 overpayments on hand for which recovery has not been made was 56,526 as of September 30, 1979, and 55,036 as of December 31, 1979.

Mr. Chairman, that concludes my formal presentation. I do want to stress the point that while the GI Bill has peaked and now is on the downside, we will continue to make improvements in the program so that veterans will keep receiving the high level of service which they deserve. Mr. Chairman, I would be glad to answer any questions which you or your staff may have.

Chairman **Hefner**. We will let you introduce your colleagues and, again, we are happy that you would take the time to come before our subcommittee.

Mr. **Dollarhide**. Mr. Chairman, we are very pleased to have this opportunity to appear before you today, and provide you with an overview of our various educational assistance programs.

If it would meet with your approval, Mr. Chairman, I would prefer to give my summary first, respond briefly to the farm co-op problem in Minnesota and then submit to questioning.

Chairman **Hefner**. That would be perfectly all right. Introduce your colleagues if you would like.

Proceed any way that you see fit.

STATEMENT OF C. LEWIS DOLLARHIDE, ACTING DIRECTOR, EDUCATION AND REHABILITATION SERVICE, VETERANS' ADMINISTRATION

Mr. **Dollarhide**. Thank you, Mr. Chairman. On my left is my Assistant Director for Policy and Program Administration, Ms. June Schaeffer. On my immediate right is Mr. Dean Gallin of the General Counsel's Office and on his right is the special assistant to the General Counsel, Mr. McQuillen.

Mr. Chairman, as we enter the 1980's, it is appropriate that we remember the huge success of the GI bill over the last 35½ years. The GI bill has been responsible for the education of many of our country's most prominent and most influential figures.

It has held out the promise for a better future for legions of returning servicemen and women, and it has delivered on that promise.

Over the last few years there has been a general decrease in the number of GI bill trainees as more and more veterans reach their delimiting dates. In fiscal year 1979, there were 1.3 million GI bill trainees, and we would expect this number to drop to about half a million by fiscal year 1983.

The preferred type of training is by far college level training, and 75.6 percent of the trainees were pursuing this type of education in fiscal year 1979.

The cost for the program in 1979 was $2.8 billion. We expect this amount to decrease gradually to $1 billion in fiscal year 1984.

Under the current GI bill we have spent almost $30 billion.

I would like to address the education loan program. As you may be aware, as a result of Public Law 95–476, we drafted regulations which would limit education loans to those individuals attending high-cost schools and which also would provide for shorter payback periods for smaller loans.

These proposed regulations were published for comment in the Federal Register November 9, 1979. We anticipate final publication within the next 30 days. As of the end of calendar year 1979, we paid a cumulative total of over 67,000 educational loans for a total of $64.5 million.

The cumulative default rate was 57.5 percent of the loans which had matured by the end of calendar year 1979.

With respect to the acceleration or loan forgiveness program, the amendment of Public Law 95–202, a program which requires State matching funds as a precondition, is not in operation in any State. Only one State, Louisiana, has enacted legislation providing for acceleration, and that State has yet to provide funding for their legislative measures.

Under the chapter 32 or VEAP program, we are in the process of compiling data for the third annual report for calendar year 1979 and anticipate that that will come to the Congress on time by April 1. Until we have analyzed the 1979 data, we will not be in a position to draw valid conclusions regarding program effectiveness. Our previous reports for previous fiscal years indicated that out of the 111,731 service members who enrolled in VEAP in 1977 and 1978, 85,882 were still enrolled in the program in January 1979.

We do expect an increase in chapter 32 beneficiaries in 1980 when the first 3-year enlistments since the law was enacted will have been completed.

Last March when we appeared before your subcommittee, we indicated that we were reviewing and evaluating proposed joint regulations on chapter 32. I am happy to report that we have published the regulations in their final form in the January 2, 1980 edition of the Federal Register.

In our chapter 31, or the vocational rehabilitation program, we have reviewed in draft form the GAO study entitled "New Legislation and Stronger Program Management Needed To Improve Effectiveness of VA's Vocational Rehabilitation Program." The heart of this GAO study is a review of the procedures followed by the Department of Veterans Benefits in providing service. GAO conducted its own onsite evaluations of three of our VA offices: in Los Angeles, Denver, and Cleveland. Its findings are largely based on a study of case samples from these stations.

The GAO recommendations appear to be consistent with those of our own studies, and we have already undertaken changes to correct some of the problems revealed. My formal statement goes into this in much more depth, Mr. Chairman.

In the area of litigation I will touch on two court cases. I am pleased to report that on January 7, 1980, the U.S. Supreme Court denied certiorari in the case of *Colorado* v. *Veterans Administration.*

This decision, after more than 2 years of litigation concerning the constitutionality of section 1785 of title 38 of the code, upheld VA's right to hold an educational institution liable for overpayments resulting from its failure to promptly and properly report discontinuance of enrollment.

The second area of litigation that I want to touch on involves the controversial collegiate course measurement. In *Wayne State University* v. *Cleland* the case was appealed to the U.S. Court of Appeals for the Sixth Circuit, which held that the Administrator had authority to promulgate the "seat time" regulations.

The court found that the regulations were a rational implementation of the statute and a reasonable means to avoid potential abuse of the GI bill. It remanded the case for consideration for certain constitutional claims not decided by the lower court.

The Government since has filed a motion for summary judgment as to such claim, which motion is currently pending before the district court.

With my formal statement there is an attachment, Mr. Chairman, which goes into much more detail on all litigation cases, both those closed and pending.

In the area of overpayments at the end of fiscal year 1979, the dollar value of education receivables on hand showed an increase of 3.8 percent over the end of the prior fiscal year from $403.4 million to $418.6 million. The fiscal year 1979 balance of $418.6 million included $49.2 million on hand at the Department of Justice, while the fiscal year 1979 balance included only $21.6 million at Justice.

I do want to point out that established receivables for fiscal year 1979 decreased by 11 percent, dropping from $394.8 million to $350.4 million.

I think that it is important to note other developments. In April 1979, we entered into a contract with the Internal Revenue Service to furnish the addresses of veterans with overpayments.

Through December 1979, we referred a total of 179,930 accounts to IRS for address information. The accounts referred to include compensation, pension, and loan guaranty, but for the most part they are comprised of education assistance overpayments. We are actively pursuing collection on these accounts for which IRS has provided a good address.

Another important area of overpayment recovery is that the Justice Department granted authority to the VA, effective November 20, 1979, to conduct its own litigation on a test basis to collect educational overpayments if the claim is under $600.

As a result there are six district counsels in the process of collecting approximately 900 terminated cases under $600 where the GAO has obtained credit reports. This is all in preparation for test purposes, and the pilot program for this constitutes an attachment to my formal statement and outlines the full procedures with respect to this effort.

Mr. Chairman, that concludes my summary. I do want to respond to your first request that I address the VA's position with respect to the farm co-op program. I would like to say that I think that the gentleman from Minnesota, particularly Congressman Oberstar, presented statements which they have sincere feelings about.

We have, I think, had several meetings at the regional office level and in Central Office here in Washington with members of Congressman Oberstar's staff and with him, although I didn't have the privilege personally.

I would like to address this question by stating that the controversy in question arose primarily from our changing the regulations on farm cooperative training in 1976. We feel in the VA that the change was for a valid purpose. That was to eliminate much known abuse of this particular program.

When we made the changes we made two significant amendments to the previous regulation. The first one was that the regulations were changed to require that the eligible student be concurrently engaged in substantially full-time agricultural employment. The other change was to include that this employment must be the principal expected source of earning the student's livelihood.

We felt the amendment was based on the law which requires that an eligible veteran be concurrently engaged in agricultural employment which is relevant to the course "under standards prescribed by the Administrator." So the law seems to fix the Administrator with the responsibility to define the agricultural employment which is relevant to the course.

I would like to comment, Mr. Wylie, that the 10 hours referred to in the law is class time——

Mr. Wylie. Right.

Mr. Dollarhide. For educational purposes which is to accompany concurrently the employment in an agricultural endeavor.

Mr. Wylie. May I ask a question right there, Mr. Chairman? Let me take an example. That is the best way that I can relate. I worked full time when I was in college. I punched the time clock and worked 40 hours a week and drew GI educational benefits. Nobody ever questioned the fact that I was working full time.

I was taking at that time a course in teaching. Now, if I had been taking a course in farming, or if I was enrolled in a farm cooperative program, I wouldn't have been eligible for farm cooperative programs, but if I was enrolled in teaching which I was then I was eligible for the program. Is that correct or not?

Mr. DOLLARHIDE. Well, it would depend. I would have to say that under this version of the regulations if you were a full-time teacher and——

Mr. WYLIE. No, I wasn't a teacher. I was training to become a teacher.

Mr. DOLLARHIDE. Oh, I see.

Mr. WYLIE. I was going to become a full-time teacher. I decided not to but that was my intent at the time.

Mr. DOLLARHIDE. Pardon me, I got off the track with the question. I think that I understand it now. There is not the same requirement in the law for following education——

Mr. WYLIE. Or law or a doctor?

Mr. DOLLARHIDE. No, sir.

Mr. WYLIE. It only applies to the farm cooperative program.

Mr. DOLLARHIDE. Other than the on-the-job training programs which are in fact jobs with related training, this is the only program which requires concurrently with the education part of it relevant employment.

Mr. WYLIE. That he be working on a farm and pursuing an employment as a farmer.

Mr. DOLLARHIDE. Yes, sir.

Mr. WYLIE. For how much time?

Mr. DOLLARHIDE. Well, I think that we gear down on that, if I may address that, in the regulation as we amended it because there is specific allowance for other part-time employment where it is less than the total effort spent in agricultural employment.

I think that this amendment recognizes the economic pressures caused by modern mechanization which are increasingly being experienced by the farmers who continue to operate a traditionally sized family farm.

I attempt to sum up, but certainly——

Mr. WYLIE. Well, I guess that the key is how you measure "less than," if he is working time in something other than farming. If he lives on the farm and wakes up and goes and milks the cows and puts out some hay and then goes to school and then goes to work in the factory for a while to supplement his income, you add up the time that he milks the cows and feeds the pigs and that sort of thing vis-a-vis the amount of time—why should there be a different standard? Why don't we just make it all the same? Wouldn't that just be simpler for everybody?

If I want to go to law school and get a job working at the Columbus General Depot and sign up for GI educational benefits, why shouldn't it be the same for the young man who wants to be a farmer?

Mr. DOLLARHIDE. Of course, Mr. Wylie, there are a number of college programs that deal with learning to be a farmer. There is nothing at all that prevents anybody who is eligible from pursuing training of that type.

This particular farm co-op thing—the laws as we perceive them do charge us with the responsibility for determining the employment factor as a requirement. It does tie the training with relevant agricultural employment. And the reason it——

Mr. **Wylie.** My question is should it? Should it? Are we missing——

Mr. **Dollarhide.** Well, I think, yes, it is proper to do it. I think though that unless we leave the regulation like it is, if we go back to the previous version of it, we will be back in the area of the many abuses that caused our concerns.

So if it was the desire of the Congress to——

Mr. **Wylie.** Do you have a specific kind of abuse in mind?

Mr. **Dollarhide.** Well, we discovered numerous instances where students were engaged in agriculture as a hobby. They kept a riding horse. They cared for game birds and grew quail in the backyard. I am personally familiar with that case since I uncovered it myself when I was the adjudication officer in a field division.

But we are engaged——

Mr. **Wylie.** That doesn't go to the definition of farming. I agree with you that if they are raising game birds——

Mr. **Dollarhide.** But under the previous regulations this particular quail case was written in by Central Office as relevant employment. So I think that back then, and obviously from the amount of abuse that we later preceived, we went too far with it. So when we tightened up we thought that we were back in the ballpark in maintaining a responsible program.

Mr. **Wylie.** OK. Thank you.

Chairman **Hefner.** There seems to be a problem with interpretation here. If you are on a farm and that is your livelihood, or supposedly your livelihood, this is a special program, the way that I understand it.

Mr. **Dollarhide.** Yes.

Chairman **Hefner.** If you were in a regular program studying to be a teacher, and if you wanted to work on a farm or at General Motors in your spare time, there would be no conflict at all.

Mr. **Dollarhide.** That is correct.

Chairman **Hefner.** This seems to me to be a case of interpretation. The question is if it is being interpreted correctly. That seems to be the question among the people who have testified here. Is it being applied fairly or are people being discriminated against? There is nothing in the bill that determines the size of what is a farm, is there—40 or 60 acres or whatever.

Mr. **Dollarhide.** There is nothing in the law or the regulations.

Chairman **Hefner.** Or how much investment has to be made to constitute a farm. If a fellow had 60 acres it doesn't have anything to do with productivity. It is just the farm.

The way that I understand it, this is a program which is set up with on-the-job training but it is on-the-farm training.

Mr. **Dollarhide.** Well, similar to it, it does require for the full-time cooperative rate a minimum of 10 hours a week in school.

Chairman **Hefner.** It is just like "seat time" if you talk about seat time.

Mr. **Dollarhide.** Yes; it requires that for full-time payment and this is required concurrently with relevant agricultural employment which relates to that training which is taught in class. It is a different breed of program from all the rest that we have.

Chairman **Hefner.** This is just a hypothetical question. Say a man had a farm and he spent 10 hours required time at school and he worked Monday through Friday on a farm for 8 or 10 hours or 12 hours a day which a farmer should probably do. However, on Saturdays and Sundays and at night he made more income than he did from his farm, which could very easily be the case. Would that disqualify him?

Mr. DOLLARHIDE. I would have to say that if I were interpreting that as an individual case, I would have to say no, because his part-time employment is less than the total effort that he spends in his agricultural employment.

Chairman HEFNER. Well, then, effort becomes the qualifying factor. How do you measure effort in terms of dollars and cents?

Mr. DOLLARHIDE. Well, with your example, he obviously through the week spent more time and more effort pursuing his farm operation than he did working on the weekend.

Chairman HEFNER. I am a real farm boy myself. I was raised on a farm and never made a dime. My dad never made a dime. Farmers are the only people in the world who can lose money and stay in business. [Laughter.]

But it seems to me that the interpretation needs to be clarified. I am not being critical. It seems to be the interpretation of the thing.

My colleagues and I have similar problems in other areas. We work with people on veterans benefits and social security. We have to prove the case for social security. We see cases where we know that these people are certainly entitled to social security, yet they are turned down simply because that is the way that you have to look at the law from a distance. I think that someone mentioned that sometimes the people making the interpretations really don't know the circumstances.

If I understand what has been testified to, we don't need any change in the law. We just need clarification of interpretation.

I have a few questions and then I will yield. On page 20, you said that the dollars collected in 1979 on defaulted loans increased 384 percent over 1978, which sounds good, but how much does that mean in dollars? We didn't do too well in 1978.

Mr. DOLLARHIDE. Did you say page 20, Mr. Chairman?

Chairman HEFNER. On page 20 at the bottom of the page. You know, we didn't do too well in 1978, so a 384-percent increase could not be all that staggering. Could you give me that?

I hope that that works out the way that the oil companies work their profits. If we are we are doing OK. [Laughter.]

[Whereupon, Mr. Dollarhide conferred with his colleagues.]

Mr. DOLLARHIDE. Mr. Chairman, that is a difference between $99,000 in fiscal year 1978 and $479,000 in fiscal year 1979.

Chairman HEFNER. Well, I want to congratulate you. That is some improvement. We still have a long way to go.

I have a series of questions that I want to submit for the record dealing with different things. We will submit them and you can respond in writing. But for the sake of time, I would like to yield some time to my colleagues for some questions.

[Questions and answers follow:]

Question 1. On page 2 of your statement, you indicate that a total of almost $30 billion has been spent on the current G.I. bill. Would you please inform the subcommittee how much money was spent for the World War II G.I. bill and the Korean G.I. bill.

40

I also understand that about 65 percent of those eligible for the current G.I. bill have participated in the program. How does the percentage of those participating under the present program compare with those who participated under the Korean and World War II GI bills?

Answer. For the World War II program, $14.5 billion was spent and for the Korean Conflict program $4.5 billion. Chapter 34 participation rates include the following: 65 percent of those with service between August 5, 1964 and December 31, 1976 participated in the program—these are Vietnam Era veterans; 45.7 percent of those with service between January 31, 1955 and August 4, 1964 participated—these are peacetime post-Korean veterans. Under the World War II program, the participation rate was 50.5 percent and under the Korean Conflict program it was 43.3 percent.

Question 2. The subcommittee has held a number of oversight hearings around the country during the past year. At all of these hearings, much consideration was given to the high default rate of the education loan program. In your discussion of VA Education Loans, you state that the cumulative default rate was 57.5 percent of those which had matured by the end of calendar year 1979.

At our field hearings, the default rates varied with the Veterans Administration Regional Offices because the status of some loans that were matured and were overdue and payable, were not reflected in the list of the defaulted loans. My question, therefore, is would you please inform the subcommittee how many loans had matured by the end of calendar year 1979, but were not declared to be in default by the regional offices?

Answer. The status of the VA education loan program as of the end of calendar year 1979 (December 31, 1979): This data has just been recapped from field station reports and the cumulative default rate is 61.8 percent. This is the percent of defaulted loans to matured loans. The agency total for matured loans as of December 31, 1979 is 37,233 of which 22,992 are in default. Therefore, 14,241 loans are matured but not in default. The default rate does vary between field stations; however, we do not agree that the number of loans not reported in correct status is a large number and by continued emphasis on correct follow up actions and quarterly reporting of loan status by field stations is becoming very reliable. The dollar value of loans matured but not in default as of December 31, 1979 was $14,457,953. It should also be noted that $1,114,743 of this total has been collected to date.

Question 3. You have indicated that one State, Louisiana, has passed legislation to participate in the accelerated benefits program for veterans enrolled in high-cost educational institutions. No other State has taken similar action, and Louisiana has not funded the program.

Why, in your opinion, have not more States, which have a large number of students attending high-cost educational institutions, participated in this program?

Answer 3. We believe the primary reason for the lack of participation by States is their own lack of funds for new programs.

Question 4. In approving the post-Vietnam-era educational assistance program, the Congress stated that one of the purposes of this program was to promote and assist the all-volunteer military program of the United States, by attracting qualified men and women to serve in the Armed Forces.

Do you have any way of knowing how many of the 111,731 active-duty servicepersons who have participated in this program, joined the Armed Forces because of the chapter 32 program?

Answer. The Veterans Administration has no way of knowing what influenced the attitudes of those persons enlisting in the all-volunteer military program. In fact, it is fair to assume that the Department of Defense has little reliable data about these attitudes because the department has contracted with the Human Resources Research Organization (HumRRO) to survey a sampling of participants. Questionnaires will be mailed to 12,000 service members enrolled in the program and to 5,000 who are no longer participating. The information gathered from these questionnaires will provide help to determine how effective the program is in accomplishing its purpose(s).

The current rate of participation for all military services is 25.1 percent. This includes a high of 36.5 percent for the Army and 8.4 percent for the Air Force. The total number ever participating is 201,723 (as of December 31, 1979). Of these, 17 percent (34,822) have terminated their allotment and been paid a refund. An additional 15 percent (30,406) have stopped contributing to the program without requesting a refund. As of December 31, 1979, there were 426 persons pursuing training under chapter 32.

Question 5. Regarding the chapter 31 program, you have reviewed a number of aspects of this program, including a draft of a General Accounting Office study which bears on the delivery of services and program accountability. In that regard, you refer on page 8 to expanding your career development centers which provide career and employment assistance to veterans.

Would you please inform the subcomittee how these career development centers operate and are they exclusively for disabled veterans?

Answer. Career Development Centers are designed to supplement existing counseling and rehabilitation services offered by VA's 58 regional offices and specialize in developing veterans' skills to compete in the work world. CDC's are intended to help veterans develop strategic, rather than desperate, job searches. They provide disabled and other veterans with current career and job information, training in job-finding skills and approaches, understanding of career development and the place of training in such development, and direct placement contacts or appropriate referrals for job placement assistance.

The rehabilitation of service-disabled veterans is one of VA's primary missions. Counseling and rehabilitation services to meet the needs of this group are given first priority and are delivered on a timely basis. However, as Career Development Center resources are an integral part of the VA's counseling and rehabilitation process, they are not restricted to the exclusive use of service-disabled veterans. All veterans and eligible dependents have access to these resources.

Question 6. Beginning on page 12, you have reviewed the work-study program and indicate that 43 percent of the work-study program issued for school paper work processing, and 11 percent for outreach. There is presently a higher education program, the veterans' costs of instruction program (VCIP). VCIP's are also responsible for the school in carrying out some administrative duties, as well as outreach in contacting veterans.

Would you please explain how the work-study program differs from the VCIP program, and is it possible that in some instances the two programs not only parallel each other, but duplicate one another?

Answer. The Veterans Student Services program authorized by Section 1685 of 38 U.S.C. is administered by the Veterans Administration. Commonly known as the VA work-study program, participants are often assigned to non-VA organizations to either assist with VA paperwork processing at educational institutions or to perform VA outreach. The Veterans Cost-of-Instruction (VCI) program is charged with conducting outreach with particular emphasis on utilizing VA work-study students in these efforts. Therefore, VA work-study students are often assigned to perform VA outreach within the context of a campus VCI program office.

The VCI program does not administer its own veterans' work-study benefit but rather uses VA work-study students in its outreach efforts. There is little likelihood of extraneous activities beginning much less persisting since these VA work-study students are supervised by VA employees and their applications are submitted to and assignments made by a VA regional office work-study coordinator.

Question 7. The Vet Rep program (veterans representatives on campus) was approved by Congress in response to the need for a full-time person on a campus where there are 500 or more veterans taking VA education courses. Now you have recommended, on page 14 of your testimony, that this program should be repealed, and that the current Vet Reps be transferred to veterans benefits counselors.

Would you please tell the subcommittee how many campuses have 500 or more persons taking training under one of the VA education and training courses?

How many veterans have to be in attendance at an educational institution to qualify for service by a Vet Rep on a part-time basis?

Answer. As of January 1980 there were 215 IHL and NCD programs with 500 or more VA beneficiaries enrolled.

In determining the need for and level of Vet Rep service to be provided at a given school a number of factors have been considered:

Experience with the school in regard to delays in submitting enrollment information.

Education payment and inquiry history: (a) Number and (b) complexity.

Experience with the school in regard to overpayments and school liability.

Availability of experienced work-study veterans to provide similar service.

VCI program at the school.

Distance from school to regional office.

Diminishing point of returns of part-time service production vs travel time.

Needs of the regional office.

If service is reduced or discontinued, school officials are provided with the name and telephone number of regional office officials who may be called for information and assistance. Arrangements are made for a regional office official to call a designated school official from time to time to ascertain if the school is having any problems.

Question 8. In the section of your testimony relating to litigation, you have referred to the Evergreen State College case, which relates to semester hours as related to the seat-time requirement for approval of courses for veterans at that institution.

Would you please describe some of the courses being offered by Evergreen State College which the VA has not approved for full-time training under the G.I. bill, and the reasons why the VA has not done this, which has resulted in this law suit?

Answer. In February 1978, the plaintiff schools were granted a temporary injunction against the VA. The injunction allows the schools to determine which students will be paid benefits at the full-time rate. The issue involves VA enforcement of VAR 14272(D) which requires one standard class session of attendance per week during a standard length term, quarter, or semester for each credit hour granted by the school for payment at the full-time rate.

It was brought to our attention in 1977 that courses at Evergreen State College were not meeting that requirement. Many students were studying off-campus independently, but were still considered full-time resident students by the college.

The enrollments in question were conducted mainly under individual study contracts. Such contracts allow a student to select his or her own area of study and proceed on his or her own with minimal faculty guidance.

Areas of study selected by the students include learning a foreign language with the students' spouse as the instructor, keeping a dairy of a home-steading experience, pursuing the student's own full-time job, studying an ethnic culture, and two students teaching each other photography.

Question 9. As you know, H.R. 5288, the Veterans Rehabilitation and Education Amendments of 1979, proposes to permit disclosure of names and addresses and other information by the VA to credit reporting agencies for certain debt collection purposes. The subcommittee has been less than enthusiastic regarding the VA's ability to reduce the huge indebtedness owed the VA as represented by education overpayments. In addition to the amount indicated in your statement which is close to $400 million, there is also about $186 million in educational overpayments for which the VA is no longer taking action to recover.

It is pleasing to know that the policy begun in 1979 requiring no home loan guarantees to be approved for veterans until the educational overpayments are repaid, is providing good results. I note that to date under this program, the VA has collected more than $3.7 million. You also have provided the committee an in-depth review of the pilot program authorized by Public Law 96–103, which has authorized the VA in cooperation with the Department of Justice, to sue veterans for recovery of educational overpayments where the amount is $600 or less.

You also refer to the cooperative program the VA has with the Internal Revenue Service, to obtain current addresses of persons who are indebted to the VA, but you cannot use the information to obtain credit reports using the addresses provided by the IRS. Is the bill you mention on page 20 which will resolve this problem, a proposal for the VA, or on a broader basis for all departments and agencies?

Why has a proposal on this been delayed for such a long time?

Answer. The use of Internal Revenue Service information by other Federal agencies has been the subject of scrutiny by the Administration and the Congress for several years. In enacting the Tax Reform Act of 1976, Congress limited the conditions under which information from IRS files, including taxpayer names and addresses, could be disclosed for purposes unrelated to tax administration. While the Revenue Act of 1978 provided that names and addresses could be disclosed to the Department of Health, Education and Welfare in connection with the collection of student loans, this authority did not apply to other Federal departments and agencies. In response to an initiative of the Veterans Administration, the Administration is now considering the extent to which taxpayer address information should be made available to other Federal agencies. Issues which must be considered include the taxpayer's expectation of confidentiality, the impact on voluntary compliance with filing requirements and the estimated benefits if such disclosures are authorized.

Question 10. Regarding the dependents education and training program, I was concerned to read on page 22 of your testimony that recovery had not been made on 55,036 overpayments under this program as of December 31, 1979.

How much money does this represent?

Are the reasons for the overpayments for the dependents programs the same as for veterans? Of the 55,036, how many are represented by wives and widows of veterans, and how many children of veterans?

Answer 10 is as follows:

(1) The dollar value of these overpayments is $25,296,741.

(2) The reasons for these overpayments are the same as have been stated for veterans.

(3) Our present system does not separate overpayments in chapter 35 between wives or widows from children of veterans. We do know that about 85 percent of those in training under this program are children of veterans. Therefore, an assumption could be made that the breakout of the 55,036 overpayments would be 85 percent are children and 15 percent are wives or widows of veterans.

Mr. HEFNER. I yield to the gentlelady from Massachusetts.

Mrs. HECKLER. Thank you, Mr. Chairman. Mr. Dollarhide, on page 4 of your testimony you discuss an accelerated payments provision of Public Law 95-202 in which the accelerated benefits were made available on a matching basis. The end result of all of this was that the law was supposed to have assistance for veterans in high cost institutions to attend that kind of institution.

The law is an absolute farce, obviously, from your own records because you say here that only one State, Louisiana, has enacted legislation to provide for the acceleration and they have not funded it.

So we are exactly back where we were before. Veterans are really able to go only to the low cost institutions and the approach taken by the Congress by setting the matching funds requirements created a nullity.

After World War II, as you know, veterans were able to attend any institution of their choice and the tuition ranges were within the scope of the Federal pocketbook. But there was a commitment to the veteran.

Today, the commitment is not the same and it is perceived by the public not to be the same. The Vietnam era veteran does not have the choice of choosing any institution which he or she could be qualified to attend simply because the funding and the tuition costs are so high that the veteran can't afford to go to many of the private institutions. So he is thereby limited in his scope. Would you make any recommendations for a change in the law based on your own assessment of the abysmal records of the States and the failure of that particular provision?

Mr. DOLLARHIDE. Well, Congresswoman Heckler, I would have to agree that the acceleration provision has met with no success. I think that our position is consistent that to properly administer a program is to treat everybody alike regardless of geographic location or regardless of the school that they would want to go to. To enable those who want to go to high cost institutions, there are other avenues that they could explore for help in the Office of Education grants and loan programs and in our own education loan programs.

I don't think that, without having a great deal of time to think about it, that I would at this point recommend a change in the current system of payment.

Mrs. **Heckler**. But then it could not come as a great surprise to find out that a recent Louis Harris survey commissioned by the VA showed that only 30 percent of the public thought that the Federal government was doing a good job assisting veterans. Only 41 percent perceived the VA as doing a good job. I think that in terms of the Vietnam veteran, the Harris survey also found out that in 1971, 48 percent of the public felt that Vietnam veterans were treated worse than veterans of prior wars.

Today, two-thirds of the people, 64 percent, hold that view. I think that this public's perception is not unrelated to the very fact that the spectrum of education opportunities—just to cite one aspect of a very important service to the veteran—the spectrum is limited because of the choice, the freedom of choice that the World War II veterans enjoyed doesn't exist for the Vietnam veteran. And this, I am sure, is reflecting the perception of the public in terms of the treatment of the Vietnam veteran, wouldn't you say so?

Mr. **Dollarhide**. I am familiar just vaguely with the Louis Harris Poll. I did read it at the time. It has been some time since I read it. We are considering the findings in that along with some other studies on readjustment now in process. And certainly Mr. Cleland is showing concern over the Louis-Harris findings and we will consider those when the other surveys of veterans have been concluded that are in process.

Mrs. **Heckler**. Do you mean that the VA is worried about the fact that the public perceives that it is doing a poor job in terms of the Vietnam veterans?

Mr. **Dollarhide**. We are concerned about it, yes.

Mrs. **Heckler**. All right. That is appropriate.

I would like to ask you another question relating to a comment made by Chief Benefits Director Starbuck last year, that there were only 20,000 veterans enrolled in the on-the-job program.

She said to the subcommittee, "This Subcommittee should consider a financial incentive for employers as a means of promoting the hiring of unemployed veterans". I have introduced such legislation, H.R. 5188, the career development bill, which stresses careers, that is, long-term employment in a field rather than a temporary job.

Have you at the VA given any consideration to the support of this bill?

Mr. **Dollarhide**. The bill——

Mrs. **Heckler**. I consider it a followup on what Miss Starbuck testified to last year.

Mr. **Dollarhide**. Mrs. Heckler, the bill that you mentioned is under study and will be, I am sure, a subject of March 6 legislative hearings. I am not sure at this point whether our position is that final. So with your permission I would like to defer until March 6 on that.

Mrs. **Heckler**. I am glad you are aware of the March 6 hearings. I would like to have you clarify for me your statement on page 8 which reads, "To implement the various VA and overlapping GAO study recommendations, we have proposed legislation." What legislation are you referring to there, please?

Mr. **Dollarhide**. That legislation is already—some of it referred to there has already passed.

Mrs. **Heckler**. Oh, legislation——

Mr. **Dollarhide**. H.R. 5288, the House version——

Mrs. **Heckler**. Right.

Mr. **Dollarhide** [continuing]. And has yet to be addressed in the Senate.

Mrs. **Heckler**. Apart from the question of Vietnam-era veterans, I see the need for a reeducation program for the World War II veteran in certain areas. When an industry finds that it must simply close the doors, primarily due to foreign competition, when an industry becomes extinct, many blue collar workers who happen to be veterans become unemployed. Many of them are in their low fifties and are still capable of working.

No thought has been given, in my judgment, to the question of retraining those people who are effective workers. I wonder whether or not the VA has ever considered any kind of a retraining opportunity, even a loan program, for the World War II veteran under circumstances which make his former occupation an anachronism or an archaic skill no longer needed at the marketplace?

In my experience, many of these veterans are permanently unemployed, and it is tragic to see a person at 52 or 53 become a retiree. Has the VA given any thought to that kind of a program?

Mr. **Dollarhide**. Mrs. Heckler, the only program that we would have that would even get in the ballpark would be the seriously disabled service-connected veteran under chapter 31.

I am sure that the idea has been kicked around from time to time. I am sure that the tremendous cost of such an effort would cause us not, at this point, at least, during a restrictive budget era, to favor such recommendations.

Mrs. **Heckler**. Your testimony states that you favor the repeal of the veterans representative system as a matter of law. How would you have the veterans representative who currently exist, and there are just a few left, indeed, but they are very effective, certainly in my experience. Would you have them totally discontinue that service?

Mr. **Dollarhide**. No, ma'am. As you are aware, the law itself requires one veterans representative for each enrollment at a school of 500 or more. The program has never been funded to that level. With the decreasing number of trainees and the increasing budget restrictions, the veterans representatives have declined to the number that you have mentioned.

What we would do—and we do request the repeal of that provision of the law since we can't comply with it in any way—is to bring the existing veterans representative into jobs as veterans benefits counselors and outbase them in a number of instances to pick up what the veterans representatives were doing at the institutions as part of their regular jobs and also utilize them in other areas.

Mrs. **Heckler.** Are you under the impression that the veteran representatives who are presently filling that function are not fully engaged and not fruitfully employed in that field? Is there an extra time period that they could devote to other duties of the VA?

Mr. **Dollarhide.** Well, it varies. A number of veteran representatives serve more than one institution by necessity—staffing necessity. Certainly there are still cases where there is enough work at one institution for a full-time veteran representative, but the numbers are mixed.

I think that we can better utilize personnel with decreasing resources where we can outbase veterans benefits counselors who are also efficient in helping veterans in areas other than education if they are located in a place where they are not needed full-time as a veteran representative.

Mrs. **Heckler.** I can't speak for the experience of my colleagues in other districts, but I know in my district in one case we have a veteran representative who covers four colleges, and he is more than full-time in terms of his commitment and the hours that he spends.

Now, if he is going to be reassigned to the Central Office, who will deal with all of those veterans on the personal basis which he currently does?

Mr. **Dollarhide.** Mrs. Heckler, I am going to defer to Mr. Ed Green of the Veterans' Assistance Service which has the responsibility for the veteran representatives program. I would defer that answer to him with your permission.

Mrs. **Heckler.** Certainly.

Mr. **Green.** Doing away with section 242 of title 38 doesn't necessarily mean that all of the veteran representatives that are outbased will be brought in. It would simply mean that the name would be changed to veterans benefit counselor and still be engaged in school activities.

Mrs. **Heckler.** Well, I am very unfavorably inclined to the suggestion. There is a major need to deal with the Vietnam veterans who are in colleges today, and when the veteran representative who deals with the educational needs of the veterans is reassigned to become a general benefits agent for the VA, he can be dealing with any number of other assignments in that role. I see again the Vietnam veteran's educational needs going to the back burner even more than they are presently. I appreciate your response.

Mr. **Green.** Thank you.

Chairman **Daschle.** [In the absence of Mr. Hefner.] Did you have any additional questions, Mr. Wylie? I have a whole series and I don't want to keep you waiting until——

Mr. **Wylie.** Fine. Thank you. I will try to make mine brief. I do have two or three questions specifically rifling in on the on-the-job training program. I am deeply concerned about the on-the-job training program for Vietnam veterans and the direction that it is taking.

I notice in your testimony that there is no specific mention of the program except to say that there is only a 6.6 percent participation in the use of the program. Do you feel that the Vietnam era on-the-job training program is a failure?

Mr. **Dollarhide.** I wouldn't term it a failure, Mr. Wylie.

Mr. WYLIE. Let me add something to that, though. The reason I say that is that the statistics of your own publication here——

Mr. DOLLARHIDE. Yes.

Mr. WYLIE [continuing]. Indicate that participation was about four times as high in the on-the-job training program for veterans of World War II as for the veterans of the Vietnam conflict. I wonder veteran with a 75 percent participation rate in college training. program and the Vietnam era program?

Mr. DOLLARHIDE. I think that the difference, Mr. Wylie, is the change in the direction that veterans themselves from different periods want to go. I think that the difference is in participation in college level training, for example. It is the decided preference for the Vietnam veteran with a 75 percent participation rate in college training.

Mr. WYLIE. Well——

Mr. DOLLARHIDE. There are probably other differences. I just can't think of them at this point.

Mr. WYLIE. Weren't the World War II on-the-job training programs generous?

Mr. DOLLARHIDE. Yes, they were, and there was much more abuse in them.

Mr. WYLIE. There was much more.

Mr. DOLLARHIDE. Yes; this recovery——

Mr. WYLIE. Well, can we justify a lesser program for the Vietnam era veteran if the program for World War II was more generous? I mean, shouldn't we have a comparable program for the Vietnam era veteran?

Mr. DOLLARHIDE. I think——

Mr. WYLIE. After all, he served longer in a war that was less popular and all of that sort of thing and has more problems, I think, therefore, and more problems to be resolved through an on-the-job training program. Is that a valid observation?

Mr. DOLLARHIDE. Well, I hadn't really thought about the difference between the opportunities between the two. I wasn't in the program at that time. I am familiar with the Teague study and several like that which did cover in detail the numerous abuses in that particular program for World War II.

I think that the present law was designed specifically to eliminate those abuses. There are now specific requirements in the law both as to the length of the program, the starting wage, and the ending wage after the training program.

Mr. WYLIE. Do you think that the present law should be revised so that the on-the-job training program would be enhanced and reach more Vietnam-era veterans?

Mr. DOLLARHIDE. I would certainly have no objection to it if it was revised in a way in which we could control the abuses that develop.

Mr. WYLIE. I wonder if you might put your mind or have somebody on your staff put their mind to the possibility of proposing revisions within the present law which would target in on a Vietnam veterans' on-the-job training program and how we might make it available—if that is the word—or more desirable or make it more useful.

Mr. DOLLARHIDE. My staff and also the staff of the general counsel's office are presently engaged in that effort in preparation for March 6 legislation hearings, Mr. Wylie.

Mr. **Wylie**. Thank you, very much. I will look forward to seeing that.

Chairman **Daschle**. Mr. Leath, do you have any questions?

Mr. **Leath**. Thank you, Mr. Chairman. Mr. Dollarhide, I know that there have been some allegations made here this morning about what certain people feel are abuses on the part of the VA and the farm cooperative program in Minnesota.

I come from a very strong agricultural area and from an area that has a tremendous veteran population. To my knowledge I have never received a letter from anyone complaining of mistreatment by the Veterans' Administration under this program. Do you have any statistics available now or that you could submit for the record that would indicate on a State-by-State basis how many abuses the VA found in these particular programs?

In other words, is there any way that we can pinpoint areas where abuse might actually exist? Perhaps people in administering these programs are not following the guidelines that the Congress had in mind when it passed it. Are there any statistics like that that might be available?

Mr. **Dollarhide**. There is information and I would be happy to furnish what we have for the record, Mr. Leath. I don't have it available this morning.

[Information follows:]

In the first 7 months of this fiscal year we made 144 compliance surveys in the farm co-op program. Out of these, 94 (or 65.3 percent) had discrepancies. Only flight training had a higher discrepancy rate—with 75.5 percent.

The following is a station-by-station breakdown of the 144 compliance surveys in the farm co-op program:

Station	Number done	Number with discrepancies	Percent of discrepancies
Columbia, S.C.	1	1	100.0
St. Petersburg, Fla	8	3	37.5
Winston-Salem, N.C.	9	5	55.6
Chicago, Ill	2	0	0
Des Moines, Iowa	9	9	100.0
Fargo, N. Dak	6	2	33.3
Indianapolis, Ind	4	3	75.0
Jackson, Miss	1	1	100.0
Lincoln, Nebr	20	7	35.0
Little Rock, Ark	17	16	94.1
Milwaukee, Wis	4	1	25.0
Muskogee, Okla	4	3	75.0
Nashville, Tenn	7	6	85.7
Sioux Falls, S. Dak	10	8	80.0
St. Louis, Mo	23	18	78.3
St. Paul, Minn	19	11	57.9
Total	144	94	63.5

Mr. **Leath**. OK. I would appreciate it if you do that. I know from my standpoint and I would think that from some of the other members that it would be helpful if you could randomly select a number of these cases that you have in file to give us a better understanding of the total picture. In other words, if I could read 25 or 30 cases, I think that I could formulate an opinion in my own mind as to whether or not the VA was actually not administering the program properly or whether there were some abuses.

The point that I want to make is that we are in a time in this country where fiscal responsibility is going to have to come to the fore. I know that all of us as Members certainly don't want to see anybody abused, but at the same time I think that there often may be the tendency to be entirely too lenient.

We are always jumping on Federal agencies for wasting money and I would want to see more proof than I have seen at this point that you are not doing your job properly before we start tampering with the program. I can see in a program such as this farm cooperative program where you could have unmitigated abuse. I have seen this abuse in a lot of other Federal programs down through the years as I sat in a country bank. I for one would like to see some more definitive information than what we have seen, with all due respect to those who seem to think that the Agency is not doing a good job.

Certainly, I don't want to see you abuse any veteran. I don't think that the Agency wants to abuse any veteran. There may be a problem of misinterpretation, but at the same time if you are doing what you are charged to do so by this Congress in protecting the taxpayers' money, I think that that should be a part of the record also.

One other question, Mr. Chairman, and then I yield back. On the chapter 32 program, I notice that there were some fairly good increases in 1978 over 1977, but just as a matter of curiosity I wonder why there was such a low participation in the program in the Air Force as compared to the other three services? Would you have any reason? Is it just that the other three have pushed it better?

Mr. DOLLARHIDE. I would only speculate and I can't speak for the Air Force, but I think basically it could have to do with stronger efforts from the other services, but also that should be mitigated possibly by the type of serviceman that the Air Force is looking for.

Mr. LEATH. In the opinion of the VA has the chapter 32 program been a good program? Has it been effective?

Mr. DOLLARHIDE. I think—as my formal statement indicates—I would like to defer a final judgment on it until we have completed the final report that is due to the Congress on April 1st.

I could only say, Mr. Leath, that in view of the participation—low participation—and the low numbers that we are presently seeing actually in training that if this does not increase effectiveness would be in question. We do anticipate that it will increase substantially this year because of the 3-year enlistment expiration since the law came into being.

But there will be some increases. I don't know if it will be that significant or not. It may come to the point after we look at it in considering the heavy activity in disenrollment where we and the Congress may want to look at the viability of it as a program. We may want to make some changes, but it is premature at this point for me to make a final statement.

Mr. LEATH. Thank you, Mr. Dollarhide. I yield back to the chairman.

Mr. DOLLARHIDE. Thank you, Mr. Leath. We will be happy to furnish what you requested for the record.

Chairman DASCHLE. Thank you, Mr. Leath. I want to associate myself with the remarks of Mr. Leath in one regard, and that is that we are concerned about fiscal responsibility. We are concerned that we get the appropriate tax dollars.

But there is another overriding concern on the part of the American people that I am sure Mr. Leath also recognizes, and that is the tremendous Government red tape, the bureaucracy, fighting big government, fighting the fact that they seem to be totally unconcerned at times with the bureaucracy's public image.

I think we face a problem like that in the farm cooperative program. I think we need to have a good program that is free of abuse, but in this case it seems to me that we set a prime example of making the cure worse than the disease. We have an abuse that you have cited and, as I understand it, you have only cited one abuse—and I am sure you could cite others—where an individual was raising some birds in his backyard.

But on the other hand, you have bona fide farmers working 30 or 40 hours a week who are ineligible for a program which was created to help them. I think that is abhorrent, and it seems to me that this Congress this year has set out legislative veto as one of its benchmarks.

Frankly, Mr. Dollarhide, I think that we have set out another example of why legislative veto is necessary today. I don't know—I am sure that Mr. Leath doesn't agree with that, but I feel very strongly——

Mr. LEATH. Will the gentleman yield?

Chairman DASCHLE. Yes.

Mr. LEATH. Mr. Chairman, I thought that I made it clear that I do agree with that. I am just simply saying that before we charge off on a group of changes that I, for one, would like to see some more of the full picture.

I am very much aware of the bureaucratic abuses that we have in all of our Federal agencies today and am as vitally concerned about that as you and every Member of this Congress. All I am saying in asking Mr. Dollarhide these questions is that we must look at the other side of the picture a little bit.

I also know that there is tremendous abuse in almost every Federal program that we have. I think that one of the greatest problems that we have in this body is that we are all anxious to make sure that everybody gets every dollar that they deserve. Certainly I agree with that. I am just as concerned, however, about the billions of dollars in abuse that takes place in these programs, and I think that we would be doing less than what we are supposed to do if we just attack an agency without really knowing that they are, in fact, guilty of that discrimination. I am as anxious to find that out as you are.

Chairman DASCHLE. Well, I am glad to have the support of the gentleman from Texas. I want to pursue this a little because I think that it goes beyond abuse from what I can tell in the answers that you have given so far, Mr. Dollarhide.

I would like to again reiterate the question posed by the gentleman from Ohio. In regard to the distinction that you place between this program—the farm cooperative program—and other programs for veterans attending educational facilities, why have you drawn such a distinction?

Mr. DOLLARHIDE. Well, the law is—excuse me, Mr. Hefner, I have a dry throat problem.

Chairman DASCHLE. It is Daschle, but that is all right. I have just moved up a little ways. [Laughter.]

In the period of one-half an hour I have moved from the lowest ranking to the highest ranking member. That is not too bad for a day's work. [Laughter.]

Mr. **Dollarhide**. The law itself does have a peculiar requirement in regards to the farm cooperative training, that the educational portion of it, that the classroom portion of it be engaged in concurrently with a suitable agricultural employment.

This is not a requirement in any other program outside the on-the-job training program. So the law itself gives us the peculiarity.

Chairman **Daschle**. It stands to reason that if you are going to take educational training in agriculture, you ought to be in the agricultural field outside. But it seems like from there on that the VA takes it several steps beyond that. Obviously, in light of your concern with abuse, I can understand your interest in righting the program. However, to require, for example, that a farm be a particular size when you heard the statement here that size has nothing to do with the profitability or the future of a given farmer; to associate, for example, in the early years the amount of income that he receives from farming as opposed to the income that he might be receiving elsewhere is again fallacious, it seems to me.

Because you have a young farmer—and I have hundreds of them in my district—a young farmer, for example, just starting out may have a gross income of $50,000. And yet because of his costs, because of everything else associated with it, his net income may only be $5,000. He is going to have to compensate with other sources of income to live on that. Yet that person, according to the testimony this morning, would be ineligible. It seems to me that we set up some false criteria based on the fact that we do not have a proper understanding, perhaps, of just what a farming operation is, and what a young farmer, in particular, is up against as he starts out in agriculture.

I am wondering if, indeed, you agree with that. I have a feeling that you are sympathetic to their needs and their cause—that we have perhaps overreacted.

Mr. **Dollarhide**. We were involved, as I have mentioned, with several meetings with the Minnesota people at the State level and here in Washington. And we are sincere, Mr. Daschle, that we feel like we are administering this program in a responsible manner, and we feel that if we go back the other way we are opening the gates to abuse.

Certainly, we are willing to reconsider our position, but we have considered it on many occasions, and we do feel what we are doing is being done properly.

Chairman **Daschle**. Do you think that——

Mr. **Dollarhide**. I can only suggest, Mr. Daschle, that if we are misinterpreting the legislation that I would agree with one of your earlier statements, that possibly the law itself needs changing. Given the types of situations that we are all talking about, there is much disagreement on both sides in the interpretation.

It is a very difficult thing to do, to draw a line between overregulation, which we abhor as much as you do, and responsible administration of the program.

Chairman **Daschle**. Who makes the decision regarding eligibility of benefits under this program?

Mr. **Dollarhide.** As to the employment factor, it is done on an individual case basis in the regional office.

Chairman **Daschle.** In the regional office?

Mr. **Dollarhide.** Yes.

Chairman **Daschle.** Do you have confidence in your regional administrators? Do you have confidence in their decisionmaking?

Mr. **Dollarhide.** Well, I can't say that I agree with every decision that I have seen a field station make, but I don't——

Chairman **Daschle.** You don't have the confidence in the regional administrators' ability to make decisions?

Mr. **Dollarhide.** On this one we have had many meetings and conversations with the people in St. Paul in that regional office out there, and we certainly have no problem with what they have done because most of it has been on direction from central office.

Chairman **Daschle.** So what you are saying, then, is that in the vast majority of cases, you have a significant amount of confidence or a moderate amount of confidence in their administrative ability?

Mr. **Dollarhide.** I feel very sincerely, Mr. Daschle, that in the great majority of the cases, they are handled with the interest of the veteran in mind and are handled properly.

Chairman **Daschle.** OK. Why, if that is the case, would you undercut their ability to administer, undermine their credibility with the people that they have to work with, their veterans, by implementing such stringent guidelines? Indeed, you said that they should have the sense to know whether a veteran is running a chicken farm in his backyard and whether a veteran has a true need for this program based on the fact that he is in a good farming operation? It seems to me that common sense on the part of your administrators could dictate that. If they were on the ball, they could find the abuse without having to rewrite the whole program and regulations, and then throw out maybe 30 or 40 percent of the people who would otherwise be eligible. It appears to me that you don't have the confidence, when you write regulations like this, in your own administrators to make that decision for the VA. Is that right? Aren't you undermining their ability to make that decision, their interpretative ability?

Mr. **Dollarhide.** Well, that is one factor that we consider, but we are extremely concerned with the uniformity of program application over the whole country.

Chairman **Daschle.** Well, I guess that I am concerned about that, too. You draw a distinction. You have already admitted that there is a distinction drawn between this and other programs. Given that distinction, given the law, given your general set of guidelines, you could accomplish the same thing, it seems to me, without sitting down and specfically prohibiting others from getting into the program.

What I would like to know, without belaboring this any further, is whether or not, given Mr. Leath's request for additional information, at the same time you would outline your reasons for either now changing the program, given the fact that these regulations seem to be overly stringent, or that you have decided against changing the regulatory process.

I think that I have heard enough this morning to lead me to pursue either a legislative veto over the VA, given this kind of thing, or some change in the legislation itself. I think that we can convince the majority of our colleagues to take one action or the other, based on the information that I have seen and the information that I anticipate would be forthcoming.

I agree with Mr. Leath that we would want to hold off final judgment until we have seen the whole case study in this thing. However, there is no doubt in my mind that if this thing is continuing elsewhere, we have to make some changes somewhere.

So if you would be willing to do that, to either state why you are going to maintain the current regulations or if after this hearing you have decided to make some changes, indicate what they are. Would you be willing to do that?

Mr. DOLLARHIDE. Certainly, I would be willing to do it, Mr. Daschle.

[Information follows:]

We are currently in the process of meeting with representatives of the educational farm cooperative community, including the Farmers' Union, State Approving Agency personnel and other concerned people in an attempt to resolve the farm cooperative eligibility issue. We have received some suggestions from these groups and are considering them. A final decision will be reached once all material has been received and evaluated.

Chairman DASCHLE. OK. I want to check with you on a couple of other things. Do you know what the percentage of enrollment of the GI bill was in 1950, roughly? I don't have to know the exact——

Mr. DOLLARHIDE. In 1950?

[Whereupon, Mr. Dollarhide conferred with his colleagues.]

Mr. DOLLARHIDE. Are you talking about World War II?

Chairman DASCHLE. World War II, right.

Mr. DOLLARHIDE. We had a 50.5 percent participation rate or a total trained of 7,800,000.

Chairman DASCHLE. What was your percent of enrollment in 1978?

Mr. DOLLARHIDE. I can have it for 1979 real handily.

Chairman DASCHLE. What was it for 1979?

Mr. DOLLARHIDE. It is close and in the ballpark. It is about 65 percent.

Chairman DASCHLE. About 65 percent. So your——

Mr. DOLLARHIDE. That is for Vietnam.

Chairman DASCHLE [continuing]. Participation.

Mr. DOLLARHIDE. I beg your pardon?

Chairman DASCHLE. So your participation in the GI bill has increased 15 percent between 1950 and 1979?

Mr. DOLLARHIDE. Well, that is the difference between the World War II bill and the current GI bill. I mean the current Vietnam-era bill.

Chairman DASCHLE. Could you clarify that? I don't understand what you mean that there is a difference there.

Mr. DOLLARHIDE. Well, these are different programs. The World War II bill terminated, and in the interim there was the Korean bill. That terminated. In 1966 the present bill came into being. So there are three separate bills, three separate programs.

Chairman DASCHLE. No, but I am talking in terms of percentage of veterans actually enrolled in the program as it existed when they could enroll in it——

Mr. DOLLARHIDE. Yes.

Chairman DASCHLE [continuing]. Which you are saying is 65 percent of all of the GI veterans enrolled in the program—in that particular program—and 50 percent of the veterans enrolled in the World War II program?

Mr. DOLLARHIDE. Yes. That is 65 percent in the current program, chapter 34. And there was a 50.5 participation rate in the World War II program. In the Korean conflict it dropped down to 43.4 percent.

Chairman DASCHLE. Can you imagine why the change? What is the difference in that?

Mr. DOLLARHIDE. Well——

Chairman DASCHLE. Why would we have gone from 50 to 40 something up to 65?

Mr. DOLLARHIDE. Well, I think that there are a variety of factors that you have to consider. There was an increasing emphasis over that time period on the attainment of education, and there was just an increased participation over the whole spectrum, I think, of the population on a percentage basis who have actually gone to higher levels of education.

Chairman DASCHLE. Yes.

Mr. DOLLARHIDE. There has been an increased emphasis on the need for education to survive as we go along.

Chairman DASCHLE. Yes. In terms of the percentage of benefits as opposed to cost for education, how does it fare in 1950 as opposed to 1979?

[Whereupon, Mr. Dollarhide conferred with his colleagues.]

Mr. DOLLARHIDE. Let us furnish that for the record, Mr. Daschle.

[Information follows:]

WHITE PAPER

Question. In terms of percentage of benefits as opposed to cost of education, how does it fare in 1951 as opposed to 1979?

Answer. The data available is for Public Law 346 peak in 1948–49 as compared to the 1978–79 school year. The attached table compares the two periods for public and for private institutions in current dollars and constant dollars.

COMPARISON OF GI BILL EDUCATIONAL ASSISTANCE BENEFITS

[Vietnam era (1978–79 school year) compared with World War II (1948–49 school year)]

			VA subsistence allowance			VA allowances less tuition, books, and supplies					
						Single veteran		Veteran, 1 dependent		Veteran, 2 dependents	
	Average tuition	Average books and supplies	Single veteran	Veteran, 1 dependent	Veteran, 2 dependents	Amount	Difference from World War II	Amount	Difference from World War II	Amount	Difference from World War II
World War II[1] (1948–49 school year):											
Public (current dollars)	$140	$50	$675	$945	$1,080	$675		$945		$1,080	
Public (constant dollars)[2]	379	135	1,828	2,560	2,925	1,828		2,560		2,925	
Private (current dollars)	396	50	675	945	1,080	675		945		1,080	
Private (constant dollars)[2]	1,073	135	1,828	2,560	2,925	1,828		2,560		2,925	
Vietnam era (1978–79 school year):											
Public	[3] 600	201	[4] 2,799	[4] 3,330	[4] 3,798	1,998	+$170	2,529	−$31	2,997	+$72
Private	[3] 2,970	207	[4] 2,799	[4] 3,330	[4] 3,798	−378	−2,206	153	−2,407	621	−2,304
			Subsistence plus other educational assistance benefits[5]								
Public (subsistence, work-study and loan)	[3] 600	201	[6] 6,024	6,555	7,023	5,223	+3,395	5,754	+3,194	6,222	+3,297
Private (subsistence, work-study and loan)	[3] 2,970	207	6,024	6,555	7,023	2,847	+1,019	3,378	+818	3,846	+921
Public (subsistence plus tutorial assistance)	[3] 600	201	[7] 3,627	4,158	4,626	2,826	+998	3,357	+797	3,825	+900
Private (subsistence plus tutorial assistance)	[3] 2,907	207	3,627	4,158	4,266	450	−1,378	981	−1,579	1,449	−1,476

---

[1] Ceiling limitation of $500 on tuition, books, and supplies; ceiling limitation on earnings plus subsistence, single veteran $210 per month; veteran with 1 dependent $270 per month; and veteran with 2 or more dependents $290 per month.

[2] Constant dollars—July 1978; CPI 1967 equals 100; 1948–49 school year equals 72.1; 1978 average school year equals 195.3; ratio equals 2.7087.

[3] Source: Estimate for 1978–79 school year from NCHES, Department of Health, Education, and Welfare. Note: These are in current dollars.

[4] Current dollars.

[5] Work-study allowance up to $725 per enrollment period—only 1 enrollment period used. Education loans up to $2,500 per school year—to be paid back after borrower completes training.

[6] I.e.: $6,024 equals $2,799 (subsistence) plus $725 (work-study) plus $2,500 (education loan).

[7] I.e.: $3,627 equals $2,799 (subsistence) plus $828 (tutorial assistance).

Source: Statistical Review and Analysis Division, Office of Controller, Veterans' Administration.

Chairman **Daschle**. You don't have that?

Mr. **Dollarhide**. I don't have it available right now.

Chairman **Daschle**. OK. I want to go back to the veterans' representative. Would you be willing to admit or not that the only reason that we have cut out the veterans' representative is budgetary considerations?

Mr. **Dollarhide**. Combined with a termination date on the GI bill of 1989 and approaching that eventually, absent——

Chairman **Daschle**. Nine years out you are already phasing out the veterans representatives?

Mr. **Dollarhide**. Well, we have already had the first 10-year delimiting date in 1976 which wiped out a lot of eligibles and resulted in the declining numbers in training.

Chairman **Daschle**. But we——

Mr. **Dollarhide**. For example, there are only about half as many as there were in 1976, less than half.

Chairman **Daschle**. But you have cut out—you are down to what? Is it 287? Is that what it was?

Mr. **Dollarhide**. I think that it was projected to go lower than that in fiscal 1980.

Chairman **Daschle**. It is 197. That is what it is. It is down to 197 from 1,327. That is very significant—in a period of how much time—4 years?

Mr. **Dollarhide**. Yes.

Chairman **Daschle**. Well, I tell you, I am surprised at that 65 percent figure because as I look over the problems that the young veteran faces in terms of educational benefits, first of all, I am willing to bet that his GI benefits are just a percentage of what the GI bill was in 1950. I don't know what it is, but I know that it is a percentage of it. Second, they have lost their veteran representatives. Third, the delimiting date is a major factor in eligibility. And then fourth, now we are cutting out one-half of them, or whatever percent of them, in terms of agricultural co-op programs. If there were ever more disincentives for a veteran to get into educational programs through the VA I would like to know what they are.

I think it is a tragic mistake. It seems to me that once again we put our whole emphasis in the wrong area in terms of importance. Those veteran representatives have done an admirable job, as you very eloquently point out in your testimony.

And for the life of me I can't imagine—here we are talking about the registration for the draft, here we are talking about including more people again in our military service, and we are cutting out every single benefit that they have available to them when they get out. That is a very, very difficult thing for me to comprehend, and I am disapointed at that.

I want to follow up with one other series of questions and that concerns the vocational rehabilitation. Can you tell me how many positions you asked for for fiscal 1981 to implement the vocational rehabilitation program—how many you asked OMB for?

Mr. **Dollarhide**. That was 175.

Chairman **Daschle**. And how many people did OMB actually give you?

Mr. **Dollarhide**. They gave us 55.

Chairman DASCHLE. Did they give you a reason why they cut it back by more than two-thirds?

Mr. DOLLARHIDE. Not that I can recall. I wasn't present at this.

Chairman DASCHLE. I am just flabbergasted at this. I mean, here the Congress tries as hard as possible to come up with ways to provide adequate outreach, ways that we can insure that vocational rehabilitation, one of the biggest problems that our era veterans are facing, is adequately staffed. What do we have but 55 position across the country. Now that is an outrage.

And I tell you what, I don't see how this committee, or the committee in the Senate for that matter, without speaking for them, can stand for something like this when we see this constant cutting back of opportunities for Vietnam era veterans. If I were a Vietnam era veteran I would be totally outraged. It is a shame. In fact, I think that it just flat out undermines the intent of the legislation, and the intent of this committee.

I don't know. I just can't imagine why we have been able to stand for that kind of thing. Do you have any projections for 1982? Do they say that they might increase that in 1982 beyond the 55 or are we stuck with 55 people.

[Whereupon, Mr. Dollarhide conferred with his colleagues.]

Mr. DOLLARHIDE. It is not available this morning. I will have to respond for the record, Mr. Chairman.

[Information follows:]

We will continue to ask for 175 counseling psychologists and vocational rehabilitation specialists in fiscal year 1982 and thereafter.

Chairman DASCHLE. I tell you what——

Mr. DOLLARHIDE. Mr. Chairman, with your permission, I would like to ask Dr. George Arnstein, who is a special education consultant to the General Counsel, to respond to one of the things that you are looking at.

Dr. ARNSTEIN. I would like to comment and maybe provide some information on the participation rates—the question that you asked earlier, particularly comparing the GI bill after World War II with the GI bill of today.

The Congress mandated a study of that very question approximately 6 years ago, and it was a study undertaken by the Educational Testing Service done independently of VA.

I helped put that study together. Today, I am a VA employee. At that point I was not. That study—if I may summarize, and obviously I was not prepared to discuss it today—said two things.

First of all, it said that no reasonable comparisons can be made between the level of benefits paid after World War II, Korea, and Vietnam because the social context has changed enormously. At the end of World War II there were basically no student financial aid programs available. There were no basic grants, no guaranteed student loans, nothing of the sort. All of these things are available today, so the context has changed, and the comparisons become very difficult.

Nevertheless, we were asked to make a comparison, and we did make a comparison, with reluctance to be sure.

The conclusion then was that the benefits are comparable. There was a lag at that time because there had not been adjustments for the cost of living. The Congress thereupon enacted a fairly generous increase, and today we can make the claim that they are comparable, always keeping in mind that there are differences.

The original World War II GI bill provided two separate payments: One to the veteran for what might be called room and board—a monthly stipend of approximately $65 a month. It was $55 at one time. It went all the way up to $75, but $65 is probably the best figure to use if you were single.

There was a separate payment where the school billed the Treasury or the VA. There were many abuses that nobody wants to remember because World War II, my war, was a good war. All right, "good war" is an exaggeration, but shall we say that the issues were more clear cut. It was a more generally accepted war.

So we don't like to dwell on the abuses, but there was a congressional investigation, and there was a Bureau of the Budget investigation. There was a Presidential message, and there were certain improvements and changes enacted in the Korean bill in 1951–52, the second edition of the GI bill. It combined the separate tuition payment and the monthly subsistence payment into a single payment—a more generous payment, but it said, "From now on, the veteran has to pay his own bills out of the monthly stipend."

That destroyed the comparability, if you want to put it that way. So I am afraid I have given you a long comment, but the statement is that the benefits are roughly comparable. They are more generous to somebody attending a low-tuition school or no-tuition school like the California community colleges, for example. They are less generous if you go to a high-tuition school insofar as we can make the comparison.

The other question that you asked was about participation rates. World War II and the Korean conflict are both completed in the sense that we have final statistics and thus the participation rates are final. The Vietnam bill is still going on. Many thousands of veterans are still eligible; therefore, the figures are not final and whatever participation rates that we have for today are, in that sense, incomplete. Nevertheless, they are higher unless we have higher participation rates today. But, in all fairness, I have to add that nonveterans for 1978–79 compared to, let us say, 1946–48–50 are also higher. More people are going to school longer, and the GI bill merely helps veterans, do that with a helping hand from the Federal Government.

Chairman DASCHLE. Thank you, very much. Mr. Dollarhide, would you be willing to see that the VA responds to the questions raised by Mr. Leath and me, especially in regard to the VA position on changing those regulations with regard to farm cooperatives? Could your response be provided to the subcommittee by March 6, at our next hearing?

Mr. DOLLARHIDE. We will certainly try and make an effort. We will make a real effort, Mr. Daschle.

Chairman DASCHLE. I would appreciate it. I ask that because I would like to have the opportunity at that time to discuss this whole matter with our colleagues on the subcommittee, and it would give us the forum in which to make a decision. If you would do that I would be very appreciative.

Mr. Dollarhide. We will certainly give it our best, Mr. Daschle.

Chairman Daschle. If you cannot, would you be sure to let us know immediately?

Mr. Dollarhide. Yes, sir.

Chairman Daschle. All right. If there are no further——

Mr. McQuillen. Mr. Chairman, could I make one personal observation in connection with Dr. Arnstein's statement? I am the special assistant to the General Counsel and am in charge of debt collection. It is not one of my favorite subjects because I am a Vietnam veteran myself.

It seems like the tenor of our meeting today is that the Veterans' Administration does not really care for the Vietnam vet and has not given the proper empathy and sympathy for the unpopular warrior.

I left the Vietnam war in 1968, went to law school and with the help of the GI bill, the New York State Higher Education Loan, and the National Defense Loan, I feel personally that the Veterans' Administration provided me great service. I felt that I owed—I still do owe—a great deal to the Veterans' Administration.

Mrs. Heckler indicated that as a result of the Harris poll that most people do not feel sympathy toward Vietnam veterans. I have found, since I have been in the VA, a great affinity, an empathy toward the veteran. They really care.

I came from outside the Agency. As a practicing attorney I had heard some negative comments about the Veterans' Administration.

Since I have been here, these people sincerely care and do everything possible to create the type of atmosphere and the types of programs that best help the forgotten warrior.

So I just wanted to make a personal comment that Dr. Arnstein was correct in stating that it is somewhat comparable to what happened in previous wars, but also that the fact that when we left the war we were given the attention, we were given money, we were given care and consideration.

I travel the country and I meet with regional directors, as you have mentioned. Do we have confidence in them? Yes; we do. Do we have confidence in our district counsels? Yes; we do. We travel and we meet with them and we talk with them at their level to see how they are relating to the veteran.

If they are not relating there are problems, but I am telling you that they do relate and they care. And the problem might be that other individuals in our country do not care about the Vietnam warrior, but the people in the VA really do.

Chairman Daschle. Mr. McQuillen, I appreciate that and I certainly want to underscore the fact that I am sure that this Committee understands your concern and your caring for the veteran. I think that sometimes, however, that care falls short of the appropriate action. I am appalled at the fact, for example, that with a new program like vocational rehabilitation, a program imperative as that is, to make it a success early, to establish confidence in a program that all we are going to have is 55 people.

And I am appalled at the fact that we haven't got any better program for handling the drug abuse counselling, psychological readjustment, problems of that kind, that we should have right now. Now that certainly directs attention, obviously, to your concern for the veteran. I understand that. I know that there are budgetary considerations.

But I think that the Carter administration has failed miserably in putting the problem in perspective in terms of psychological readjustment, in terms of Agent Orange, in terms of drug abuse counseling, in terms of providing adequate personnel and hospital beds and veterans' representatives. I mean, this Committee would run rampant over that budget and over that program simply because of all of the shortcomings I find in the VA program for the next fiscal year.

So I know you care and I know that all of our people care, but caring without action, considering the problems that we are facing right now, isn't enough.

Mr. DOLLARHIDE. Thank you, Mr. Daschle. I would comment only that those 55 people are an increase in staffing over the 45 people that are out there.

Chairman DASCHLE. I understand that. I just meant to clarify that. But that is staffing, though. We are talking about 50 States and how many millions of veterans? I know what you are saying, and I misstated my own understanding of it. But, yes, the fact of the matter is that it is far too few for the program that we need.

Once again, I am sure that I speak for the whole subcommittee in thanking you for your testimony and your answers. We are delighted that you could share this time with us this morning, and we hope that we can get together again on March 6 to talk about some of these matters in further detail.

Mr. DOLLARHIDE. Thank you, Mr. Chairman.

Chairman DASCHLE. If there are no further questions, we will adjourn.

[Whereupon, the hearing was adjourned at 12:12 p.m.]

COMMITTEE ON VETERANS' AFFAIRS

THURSDAY, MARCH 6, 1980

House of Representatives,
Subcommittee on Education,
Training and Employment of the
Committee on Veterans Affairs,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:30 a.m. in room 334 of the Cannon House Office Building, the Honorable W. G. (Bill) Hefner (chairman) presiding.

Chairman **Hefner**. Good morning.

The Subcommittee on Education, Training and Employment, House Committee on Veterans' Affairs, will come to order.

Today's hearing is a continuation of the review of education and training programs which was held on February 20. At that time, the Veterans' Administration reviewed the education and training programs for the service-connected disabled under chapter 31, the GI bill under chapter 34, the dependent's education and training program under chapter 35, and the administrative provisions that relate to these programs in chapter 36.

The Veterans' Administration is returning today to provide the subcommittee with its position on the following bills:

H.R. 5581—to amend title 38, United States Code, to provide for a program of career development, advancement, and training and for outreach and supportive services for Vietnam era veterans.

H.R. 6165—to amend title 38, United States Code, to allow certain veterans with active-duty service prior to January 1, 1977, to participate in the contributory educational assistance program under chapter 32.

H.R. 6166—to amend title 38, United States Code, to provide for disbursement of unused chapter 32 contributions upon the death of the participant.

H.R. 6167—to amend title 38, United States Code, to preclude tutorial assistance to eligible veterans by certain family members.

H.R. 6168—to amend title 38, United States Code, to increase the rates of educational assistance and special training allowance paid to eligible veterans and persons, and for other purposes.

H.R. 6327—to provide expanded readjustment benefits for Vietnam veterans by promoting employment of such veterans through a program of job vouchers.

I request that copies of these bills, together with the agency reports thereon to be made a part of this hearing record at this point.

[Bills and reports follow:]

96TH CONGRESS
1ST SESSION

H. R. 5581

To amend title 38, United States Code, to provide for a program of career development, advancement, and training and for outreach and supportive services for Vietnam era veterans.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 12, 1979

Mrs. HECKLER (for herself and Mr. DASCHLE) introduced the following bill; which was referred to the Committee on Veterans' Affairs

---

A BILL

To amend title 38, United States Code, to provide for a program of career development, advancement, and training and for outreach and supportive services for Vietnam era veterans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "GI Bill of Employment Rights".

SEC. 2. (a) Part III of title 38, United States Code, is amended by adding at the end thereof the following new chapter:

"CHAPTER 45—VETERANS CAREER DEVELOPMENT, ADVANCEMENT, AND TRAINING ASSISTANCE

"SUBCHAPTER I—PURPOSE; DEFINITIONS

"Sec.
"2101. Purpose.
"2102. Definitions.

"SUBCHAPTER II—ELIGIBILITY AND ENTITLEMENT

"2103. Eligibility; entitlement; duration.
"2104. Time limitations for completing a program of career development or training.
"2105. Occupational and vocational counseling.

"SUBCHAPTER III—ENROLLMENT

"2111. Selection of program.
"2112. Applications; approval.
"2113. Disapproval of enrollment in certain program.
"2114. Discontinuance for unsatisfactory conduct or progress.

"SUBCHAPTER IV—PAYMENTS TO ELIGIBLE EMPLOYERS

"2121. Career development and advancement and career development and training allowances.
"2122. Computation of career development and advancement and career development and assistance allowances.
"2123. Payment of career development and advancement or career development and training assistance allowances.

"SUBCHAPTER V—APPROVAL

"2131. Approval of programs.
"2132. Authority for approval.
"2133. Approval of career development and training programs.
"2134. Notice of approval of programs.
"2135. Disapproval of programs.
"2136. Overpayments to eligible employers.
"2137. Discontinuances of allowances; examination of records; false or misleading statements.
"2138. Change of program.
"2139. Compliance surveys.
"2140. Responsibilities of Secretary of Labor.
"2141. Veterans information and outreach.
"2142. Program effective and termination dates.

"Subchapter I—Purpose; Definitions

"§ 2101. Purpose

"The Congress hereby declares that a career development, advancement, and training program is created by this chapter for the purpose of—

"(1) extending the benefits of a meaningful career to qualified and deserving persons who might otherwise be unable to attain a career opportunity,

"(2) providing vocational readjustment and restoring lost career opportunities to those service men and women whose careers have been interrupted or impeded by reason of active military duty after August 4, 1964,

"(3) aiding such persons in attaining the vocational and occupational status which they might normally have aspired to and obtained had they not served their country, and

"(4) providing an opportunity for such persons to attain their full employment capability, to increase their earned income, and to attain economic self-sufficiency.

"§ 2102. Definitions

"For the purposes of this chapter—

"(a)(1) The term 'eligible veteran' means any veteran who—

"(A) served on active duty for a period of more than 180 days, any part of which occurred after August 4, 1964, and before January 1, 1977, and was discharged or released therefrom under conditions other than dishonorable;

"(B) contracted with the Armed Forces and was enlisted in or assigned to a Reserve component prior to January 1, 1977, and as a result of such enlistment or assignment served on active duty for a period of more than 180 days, any part of which commenced within twelve months after January 1, 1977, and was discharged or released from such active duty under conditions other than dishonorable; or

"(C) was discharged or released from active duty, any part of which was performed after August 4, 1964, and before January 1, 1977, or following entrance into active service from an enlistment provided for under clause (B) of this paragraph, because of a service-connected disability.

"(2) For purposes of paragraph (1)(A) of this subsection and section 1661(a) of this title, the term 'active duty' does not include any period during which an individual (A) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the same as established courses offered to civilians, (B) served as a cadet or midshipman at one of the service academies, or (C) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard or as a Reserve, Marine Corps Reserve, or Coast Guard Reserve unless at some time subsequent to the completion of such period of active duty for training such individual served on active duty for a continuous period of one year or more (not including any service as a cadet or midshipman at one of the service academies).

"(b) The term 'eligible employer', when used with respect to the employment of a veteran, means any public or private employer (other than a veteran who is self-employed) who meets the criteria set forth in this chapter and such other criteria as the Administrator considers necessary and appropriate.

"(c) The term 'dependent' means—

"(1) a child of an eligible veteran;

"(2) a dependent parent of an eligible veteran; and

"(3) the spouse of an eligible veteran.

"(d) The term 'career development and advancement program' means a program under this chapter that will assist an eligible veteran to acquire full-time permanent employment or to advance in such veteran's chosen career and to increase such veteran's earned income and economic self-sufficiency through a partial subsidy of such veteran's wages and benefits.

"(e) The term 'career development and training program' means a program under this chapter that will assist an eligible veteran to acquire full-time permanent employment, to advance in such veteran's chosen occupation, and to increase such veteran's earned income and economic self-sufficiency through a subsidy of training costs and partial subsidy of such veteran's wages and benefits.

"Subchapter II—Eligibility and Entitlement

"§2103. Eligibility; entitlement; duration

"(a) Subject to the criteria set forth in section 2040 of this chapter, an eligible veteran is entitled to a career development and advancement allowance or a career development and training allowance in an amount equal to the amount of the entitlement of such veteran, and for the period of the entitlement of such veteran, remaining under the provisions of section 1661 of this title.

"(b) Such entitlement may not exceed eighteen months of entitlement at the rate payable to a veteran pursuing a full-time program of institutional training as set forth in column II, III, IV, or V (whichever is applicable as determined by the veteran's dependency status) of section 1682(a)(1) of this title.

68

"(c) A veteran whose annual income exceeds $13,000 is not entitled to assistance under this chapter.

"§2104. Time limitations for completing a program of career development or training

"Notwithstanding the provisions of section 1662 of this title, an eligible veteran may pursue a program of career development and advancement or a program of career development and training if such person otherwise meets the eligibility criteria set forth in this chapter.

"§2105. Occupational and vocational counseling

"In addition to the counseling available under section 1663 of this title, the Administrator shall make available such additional occupational skills assessment counseling and assistance as the Administrator considers to be necessary and appropriate for the effective implementation of this chapter.

"Subchapter III—Enrollment

"§2111. Selection of program

"Subject to the provisions of this chapter, each eligible veteran may select a program of career development and advancement or a program of career development and training with an eligible employer to assist such veteran in attaining an occupational, professional, or vocational objective or advancement in such veteran's chosen career field (approved in accordance with the provisions of this chapter) selected by the eligibie veteran, if such eligible employer hires such veteran into its regular workforce with the expectation of permanent employment of the veteran after the training and career development assistance ends.

"§ 2112. Applications; approval

"Any eligible veteran who desires to initiate a program of career development and advancement or career development and training under this chapter shall submit an application to the Administrator which shall be in such form and contain such information as the Administrator shall prescribe. The Administrator shall approve such application unless the Administrator finds that such veteran is not eligible for or entitled to the career development and advancement or career development and training assistance applied for, that the veteran's program of career development and advancement or career development and training fails to meet the requirements of this chapter, or that the veteran is already qualified or such veteran's readjustment or employment would not be assisted or advanced by participation in such program.

"§ 2113. Disapproval of enrollment in certain program

"The Administrator shall not approve the enrollment of an eligible veteran in a career development and advancement or career development and training program of an eligible employer for employment—

"(1) which consists of seasonal, intermittent, or temporary jobs;

"(2) which pays less than $4 per hour (exclusive of benefits and other nonmonetary remuneration) unless the Administrator determines in a particular case that this clause shall not apply;

"(3) which is outside the United States or its territories or possessions;

"(4) under which commissions are the primary source of income;

"(5) which involves political or religious activities;

"(6) which is in an industry in which a substantial number of experienced and able workers are unemployed;

"(7) under which the job is above entry level, except when applicable personnel procedures and collective bargaining procedures regarding the advancement of currently employed workers are complied with;

"(8) which would result in the displacement of any currently employed worker (including partial displacement such as a reduction in the amount of nonovertime work); or

"(9) in a job which if filled would replace any worker who is on layoff or on strike.

"§2114. Discontinuance for unsatisfactory conduct or progress

"(a) The Administrator shall discontinue the career development and advancement allowance or the career development and training allowance of an eligible veteran if the Administrator finds that according to the standards that the Administrator may prescribe, or the regularly prescribed standards of the eligible employer, the veteran's conduct or progress is unsatisfactory. Unless the Administrator finds there are mitigating circumstances, progress will be considered unsatisfactory at any time the eligible veteran or person is not progressing at a rate that will permit such eligible veteran to complete training, retain such employment, or advance in such career field according to criteria set forth in this chapter or in agreements certified to the Veterans' Administration or within such other length of time (exceeding such approved length) as the Administrator determines to be reasonable in accordance with regulations.

"(b) The Administrator may renew the payment of the career development and advancement allowance or the career development and training allowance only if the Administrator finds that—

"(1) the cause of the unsatisfactory conduct or progress of the eligible veteran has been removed; and

"(2) the program which the eligible veteran now proposes to pursue (whether the same or revised) is suitable to the aptitudes, interests, and abilities of such veteran.

"Subchapter IV—Payments to Eligible Employers

"§ 2121. Career development and advancement and career development and training allowances

"The Administrator shall, in accordance with the applicable provisions of this title, pay to each eligible employer on behalf of each eligible veteran pursuing a program of career development and advancement or career development and training under this chapter an allowance to meet, in part, the expenses of such veteran's wages, benefits, and training and other necessary or appropriate costs.

"§ 2122. Computation of career development and advancement and career development and assistance allowances

"(a) Subject to the applicable provisions of subsections (b) and (c) of this section, an eligible employer participating in a program of career development and advancement or career development and training shall be paid a monthly assistance allowance not to exceed the amount set forth in section 1682(a)(1) of this title for a veteran pursuing a full-time program of institutional training as is applicable as determined by the eligible veteran dependency status, for a period of—

"(1) eighteen months, for an eligible veteran who after counseling under the provisions of section 1663 of this title are found to be experiencing serious rehabilitation, readjustment, or employment problems that require an extention of the time period normally authorized to pursue a program of career development and advancement or a program of career development and training;

"(2) twelve months, for an eligible veteran with a service-connected disability who served on active duty during the Vietnam era and is entitled to disability compensation under laws administered by the Veterans' Administration;

"(3) nine months, for an eligible veteran who served on active duty in the Indochina theater of operations or Korea during the Vietnam era;

"(4) six months for all other eligible veterans of the Vietnam era.

"(b) The career development and advancement allowance paid to an eligible employer on behalf of an eligible veteran—

"(1) may not exceed one-third of the gross wages and benefit paid by such employer to such eligible veteran; and

"(2) may not exceed the amount of increased gross wages and benefits of any eligible veteran whose career is advanced under this program.

"(c) The career development and training allowance paid to an eligible employer on behalf of an eligible veteran—

"(1) may not exceed the lesser of the actual cost of training as provided in section 2133 of this title or 50 per centum of the wages and benefits paid by such employer to such eligible veteran, except when intensive training or additional training arrangements are necessary for veterans with severe employability problems, particularly for disabled veterans; and

"(2) may not exceed by more than twice the annual amount of increased gross wages and benefits of any eligible veteran whose career and income has been advanced through training under this program.

"(d) The career development and advancement allowance and career development and training allowance paid under the authority of this section shall be charged against the period of entitlement of the eligible veteran under section 1661(a) of this title.

"§2123. Payment of career development and advancement or career development and training assistance allowances

"(a) A career development and advancement allowance may not be paid to an eligible employer on behalf of an eligible veteran employed by such employer and pursuing a program of career development and advancement until the Administrator has received—

"(1) from such veteran a certification as to such veteran's actual employment and attendance during such period; and

"(2) from the eligible employer, a certification or an endorsement on the eligible veteran's certificate, that such veteran or person was satisfactorily employed and pursuing a program of career development and advancement during such period.

"(b) A career development and training allowance may not be paid to an eligible employer on behalf of an eligible veteran employed by such employer and pursuing a program of career development and training until the Administrator has received—

"(1) from such veteran a certification as to such veteran's actual employment, attendance, and training during such period; and

"(2) from the eligible employer providing the training, a certification (or an endorsement on the veteran's certificate) that such veteran is employed and satisfactorily progressing while pursuing a program of career development and training during such period.

"Subchapter V—Approval

"§ 2231. Approval of programs

"An eligible employer may receive a career development and advancement allowance or a career development and training allowance on behalf of an eligible veteran in a career development and advancement program or a career development and training program offered by such employer only if such program is approved in accordance with the provisions of this chapter.

"§ 2132. Authority for approval

"Subject to the appropriate provisions of this title and such regulations the Administrator may prescribe, a program of career development and advancement or career development and training may be approved—

"(1) by the Secretary of Labor, a prime sponsor designated under section 101 of the Comprehensive Employment and Training Act or, in the case of a program of career development and training involving apprenticeship by an approving agency meeting the standards of apprenticeship published by the Secretary of Labor pursuant to section 2 of the Act of August 16, 1937 (commonly referred to as the 'National Apprenticeship Act') (29 U.S.C. 5a); or

"(2) by such other means as the Administrator may consider necessary and appropriate.

"§ 2133. Approval of career development and training programs

"(a) Any entity having authority under section 2132 of this title to approve programs under this chapter (hereinafter in this chapter referred to as an 'approving agency') may approve a program of career development and training (other than a program of apprenticeship) only if it finds that the career which is the objective of the training is one in which progression and appointment to the next higher classification are based upon skills learned through organized and supervised training (to include cooperative training as defined in section 1682(a)(2) of this title), and not on such factors as length of service and normal turnover, and that the provisions of subsections (b) and (c) of this section are met.

"(b) The employer or training establishment offering training which is desired to be approved for the purposes of this chapter must submit to the appropriate approving agency a written application for approval which, in addition to furnishing such information as is required by the approving agency, contains certification that—

"(1) the wages and benefits to be paid the eligible veteran (including the career development and training allowance authorized under this chapter) are not less than the wages and benefits paid for the job for which the eligible veteran is to be trained;

"(2) the career development and training allowance paid to such employer does not exceed the actual cost of training the eligible veteran or 50 per centum of the wage paid to such veteran unless intensive training or additional training arrangements are necessary for veterans with severe employability problems and particularly for disabled veterans; and

"(3) there is reasonable certainty that the career or position for which the eligible veteran is to be trained will be available to such veteran at the end of the training period.

"(c) As a condition for approving a program of career development and training (other than a program of apprenticeship), the approving agency must find (upon investigation) that the following criteria are met:

"(1) The training content of the course is adequate to qualify the eligible veteran for appointment to the career for which such veteran is to be trained.

"(2) The career or position customarily requires full-time training for a period of not less than four months.

"(3) The length of the training period is not longer than that customarily required by employers and training establishments in the community to provide a person with the required skills and to arrange for the acquisition of job knowledge, technical information, and other facts which the eligible veteran will need to learn in order to become competent in the career or position for which such veteran is being trained.

"(4) Provision is made for related instruction for an individual eligible veteran who may need related instruction.

"(5) There is in the training establishment or place of employment adequate space, equipment, instructional material, and instructor personnel to provide satisfactory training on the job.

"(6) Adequate records are kept to show the progress made by each eligible veteran toward such veteran's career objective.

"(7) The course of training is not given to an eligible veteran who is already qualified by training and experience for the career or position.

"(8) A signed copy of the training agreement for each eligible veteran including the training program and wage scale as approved by the approving agency, is provided by the employer to the veteran, the Administrator, and the approving agency.

"(9) Reasonable efforts are made to provide special training and employment opportunities and working conditions for disabled veterans.

"(10) The program meets such other criteria as may be established by the approving agency.

"(11) There is a reasonable certainty that the position for which the eligible veteran was hired or the position to which the eligible veteran was promoted will be available to such veteran at the end of the period for which a career development and advancement allowance was paid to the eligible employer.

"(c) As a condition for approving a program of career development and advancement, the approving agency must find (upon investigation) that the following criteria are met:

"(1) The employer is in compliance with the provisions of section 2113 of this chapter.

"(2) The selection of eligible veterans for hiring, upgrading, promotion, or advancement is based upon the potential and qualifications of such veterans for the career or advancement the veteran is seeking.

"(3) The program of career development and advancement provided eligible veterans with reasonable progression, resulting in qualification for a recognized position of greater skill, responsibility, remuneration, or career advancement in the service of such eligible employer.

"(4) Adequate personnel, attendance, and progress records are maintained.

"(5) The program is designed, to the extent feasible, so that additional vacancies are created for new entry level employment and training opportunities for women and members of minority groups (as determined by the Administrator in consultation with the Director of the Office of Personnel Management).

"(6) Compensation is paid by the eligible employer at rates, including periodic increases, as are deemed reasonable, considering such factors as industry practice, skill requirements, individual proficiency, geographical region, and the eligible veteran's age, dependency status, and previous work experience.

"(7) The employer is financially sound and capable of fulfilling its commitments.

"(8) A comprehensive job description for each job or position for which approval is requested is made available.

"(9) The eligible employer does not exceed enrollment limitations as established by the approving agency.

"(10) If a career development and advancement program is for or from positions covered by a collective bargaining agreement, arrangements with the eligible employer to carry out the program have the concurrence of labor organizations representing employees in such positions.

"§ 2134. Notice of approval of programs

"The approving agency, upon determining that an eligible employer has complied with all the requirements of this chapter, shall issue a certification to such employer setting forth the jobs or positions which have been approved for a program of career development and advancement or a program of career development and training for the purposes of this chapter and shall furnish a copy of such certificate and any subsequent amendment of such certificate to the Administrator and to the Secretary of Labor. The certificate of approval shall be accompanied by a copy of a catalog or bulletin of the eligible employer, as approved by the approving agency, which shall contain the following information:

"(1) Date of certification and effective date of approval of programs.

"(2) Address and name of the eligible employer.

"(3) Authority for approval and conditions of approval, referring specifically to the approved catalog or bulletin published by the eligible employer.

"(4) Name and description of each job, career, position, or advancement opportunity approved.

"(5) If applicable, enrollment, hiring, and advancement limitations.

"(6) Signature of responsible official of the appropriate approving agency.

"(7) Such other fair and reasonable provisions as are considered necessary by the appropriate approving agency.

"§ 2135. Disapproval of programs

"Any program of career development and advancement or career development and training approved for the purposes of this chapter which fails to meet any of the requirements of this chapter shall be immediately disapproved by the appropriate approving agency. An eligible employer which has its program disapproved by an approving agency shall be notified of such disapproval by a certified or registered letter of notification, and a return receipt shall be secured.

"§ 2136. Overpayments to eligible employers

"Whenever the Administrator finds that an overpayment has been made to an eligible employer on behalf of a veteran enrolled in a program of career development and advancement or career development and training of such employer as the result of (1) the willful or negligent failure of such employer to report, as required by this chapter and applicable regulations, to the Veterans' Administration excessive absences from work, or discontinuance or interruption of a program of career development and advancement or career development and training by such veteran, or (2) false certification by an eligible employer, the amount of such overpayment shall constitute a liability of such employer and may be recovered in the same manner as any other debt due the United States. This section shall not preclude the imposition of any civil or criminal liability under any other law.

"§ 2137. Discontinuances of allowances; examination of records; false or misleading statements

"(a)(1) The Administrator may discontinue the career development and advancement or career development and training allowance paid to an eligible employer on behalf of an eligible veteran if the Administrator finds that the program of career development and advancement or career development and training or any job, career or position in which such veteran is enrolled or employed fails to meet any of the requirements of this chapter or applicable provisions of this title, or if the Administrator finds that the employer offering such program or employment has violated any provision of this chapter or fails to meet any of the requirements of applicable provisions of this title.

"(2) Any action by the Administrator under paragraph (1) of this subsection to discontinue (or suspend) assistance provided to an eligible employer on behalf of an eligible veteran under this chapter shall be based upon evidence that the eligible employer or eligible veteran is or was not entitled to such assistance. Whenever the Administrator so discontinues any such assistance, the Administrator shall immediately provide written notice to such employer and such eligible veteran of such discontinuance, including a statement of the reasons therefor.

"(b) Notwithstanding any other provision of law, the records and accounts of eligible employers pertaining to eligible veterans who have received career development and advancement or career development and training assistance under the provisions of this chapter or applicable provisions of this title, as well as other records which the Administrator determines necessary to ascertain compliance with the requirements of this chapter, shall be available at a reasonable time for examination by authorized representatives of the Government.

"(c) Whenever the Administrator determines that an eligible employer has willfully submitted a false or misleading claim, or that a veteran, with the complicity of an employer has submitted such a claim, the Administrator shall make a complete report of the facts thereof to the appropriate approving agency and, if considered advisable, to the Attorney General of the United States for appropriate action.

"§ 2138. Change of program

"(a) Except as provided in subsections (b) and (c) of this section, each eligible veteran may make not more than one change of program of career development and advancement or career development and training, but an eligible veteran whose program has been interrupted or discontinued due to the veteran's own neglect, or the veteran's own lack of application, shall not be entitled to any such change.

"(b) The Administrator may approve one additional change (or an initial change in the case of a veteran not eligible to make a change under subsection (a)) in program if the Administrator finds—

"(1) the program of career development and advancement or career development and training which the eligible veteran proposes to pursue is suitable to the veteran's aptitudes, interests, and abilities; or

"(2) in any instance where the eligible veteran has interrupted, or failed to progress in the veteran's program due to the veteran's own misconduct, the veteran's own neglect, or the veteran's own lack of application if there exists a reasonable likelihood with respect to the program which the eligible veteran proposes to pursue that there will not be a recurrence of such an interruption or failure to progress.

"(c) The Administrator may also approve additional changes in program if the Administrator finds such changes are necessitated by circumstances beyond the control of the eligible veteran.

"(d) As used in this section, the term 'change of program of career development and advancement or career development and training' shall not be considered to include a change from the pursuit of one program to pursuit of another when the first program is a prerequisite to, or generally required for, entrance, promotion, or advancement into pursuit of the second.

"§ 2139. Compliance surveys

"The Administrator shall periodically conduct compliance surveys of eligible employers offering one or more programs of career development and advancement or career development and training approved for the enrollment of eligible veterans under the provisions of this title. Such surveys shall assure that the eligible employer and the approved programs are in compliance with applicable provisions of this title.

"§ 2140. Responsibilities of Secretary of Labor

"(a) The Secretary of Labor shall provide for the participation of eligible veterans and persons in career development and advancement and career development and training programs authorized under this Act and section 121(b)(2)(A) of the Comprehensive Employment and Training Act. In carrying out this responsibility, the Secretary of Labor shall consult with and solicit the cooperation of the Administrator. Actions by the Secretary of Labor under this section shall include the development of career development and advancement and career development and training programs, supportive services, technical assistance and training, support for community-based veterans programs, and such other programs or initiatives as are necessary to serve the unique readjustment, rehabilitation, and employment needs of veterans.

"(b) The Secretary of Labor shall make special efforts to acquaint eligible veterans with the career development and advancement and career development and training opportunities available under this chapter and to coordinate such opportunities with those activities authorized under chapters 41 and 42 of this title and other similar activities carried out by other public agencies and organizations.

"(c) Entities which are prime sponsors under the Comprehensive Employment and Training Act shall provide such arrangements (to include program approval) as may be necessary and appropriate to promote maximum feasible development and use of career development and advancement and career development and training programs and opportunities authorized under this chapter.

"§ 2141. Veterans information and outreach

"The Administrator, in consultation and cooperation with the Secretary of Labor and the Secretary of Health, Education, and Welfare, shall provide for an outreach and public information program utilizing, to the maximum extent, the facilities of the Department of Labor to exercise maximum efforts to develop career development and advancement and career development and training programs and opportunities for eligible veterans and to inform such veterans about employment, job development, advancement, and training opportunities under this title and other provisions of law, and to inform prime sponsors, Federal contractors and subcontractors, Federal agencies, labor unions, educational institutions, and employers of their legal responsibilities and opportunities with respect to such veterans and to provide them with technical assistance and training in meeting those responsibilities.

"§ 2142. Program effective dates and termination dates

"The programs of career development and advancement and career development and training established by this chapter shall become effective on March 1, 1980, in the case of eligible veterans with serious readjustment, rehabilitation, or employment problems, disabled veterans, veterans who served in the Indochina theater of operations or Korea, and eligible persons. Such programs shall become effective in the case of all other eligible Vietnam-era veterans on October 1, 1980. An eligible veteran must apply for a program of career development and advancement or career development and training under the provisions of this chapter within eighteen months after the effective date of this chapter with respect to such veterans. No career development and advancement or career development and training allowance may be paid to an eligible employer on behalf of an eligible veteran after the end of the 36-month period beginning on the effective date of this chapter with respect to such veteran.".

(b) The tables of chapters at the beginning such title, and at the beginning of part III of such title, are amended by adding after the item relating to chapter 43 the following new item:

"45. Veterans Career Development, Advancement, and Training Assistance .... 2101.".

○

91

Office of the
Administrator
of Veterans Affairs

Washington, D.C. 20420

Veterans
Administration

MAR 5 1980

Honorable Ray Roberts
Chairman, Committee on
Veterans' Affairs
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

This will respond to your request for a report by the Veterans Administration setting forth our views on H.R. 5581, 96th Congress, cited as the "GI Bill of Employment Rights."

This measure would set up what purports to be a new Vietnam era veteran employment program designed to aid in reducing unemployment and underemployment among Vietnam era veterans.

The proposal would create two new categories of benefit programs: A career development and advancement program and a career development and training program. Those eligible under the two programs would be veterans who served between August 4, 1964, and January 1, 1977; the normal 10-year eligibility period now provided in the law would be "waived" for the purpose of this overall program; and veterans would only be required to have unused remaining entitlement under the GI Bill educational assistance program. Maximum benefits would vary according to the four categories of these veterans: (1) 18 months of benefits for those veterans determined, after counseling, to have "serious rehabilitation, readjustment, or employment problems;" (2) 12 months of benefits for those veterans who are disabled; (3) 9 months of benefits for those veterans who served in the Indochina theater of operations or Korea during the Vietnam era; and (4) 6 months of benefits for all other eligible veterans who do not come within the first three categories. The program would become effective March 1, 1980, for those veterans in the first three categories and October 1, 1980, for all others.

The program would permit Vietnam era veterans to utilize their GI Bill educational entitlement to pay employers a "subsidy" to train them. The amount of the subsidy would depend on whether the program pursued would be a training or a career development and advancement program. Under the career development and advancement program the subsidy could be as much as one-third of the veteran's wages whereas under the training program the VA would pay the employer for the cost of the training and subsidize up to 50 percent of the individual's training and wages, but not more than twice the annual increase in gross wages and benefits due to the program. Payments would be made directly to the employer--not to the veteran. Eligibility would be limited to those veterans whose annual incomes do not exceed $13,000.

The Veterans Administration is strongly opposed to the enactment of H.R. 5581. Contrary to its expressed intention of addressing employment problems of Vietnam era veterans, enactment of this measure would result in a vague, ill-defined program which would convert veteran educational entitlements into substantial employer subsidies at considerable cost to the taxpayer. These subsidies would be highly subject to abuse and there is no assurance that the Federal resources expended would be effectively directed to providing meaningful training and job training opportunities for those veterans who need them.

In summary, our objections are as follows:

First, we believe that the measure would simply layer a new program on top of available programs that are in place and working. No justification is advanced to indicate why existing programs should not be utilized or, if appropriate, be strengthened. Nor is there any evidence adduced to show that this program could deal with veteran employment problems more effectively than those currently available.

Second, the proposed program would, in our opinion and in the opinion of the Inspector General of this agency, be rife for abuse and likely to produce substantial wasted taxpayer expenditures which, in turn, would require greatly expanded bureaucracy and Government regulation.

Third, the conversion of an educational assistance allowance which is based on educational and subsistence expenses of veterans into a direct employer subsidy is illogical, unprecedented, and contrary to established on-job training assistance programs for veterans.

Fourth, ignoring the basic purpose for readjustment assistance, the measure would provide for a general across-the-board extension of the delimiting date for veterans, something which Congress in recent years has consistently refused to do.

Fifth, we have a number of serious reservations about the language of many of the provisions of the bill, which are vague, contradictory, and at times incomprehensible.

In dealing with programs of assistance for Vietnam era veterans, it is useful to place their employment problems in perspective. Data from the Bureau of Labor Statistics show that Vietnam era veterans, as they get older and as they benefit from education and training, do not differ greatly from their nonveteran peers: "In many respects veterans are on an equal or better footing in the labor market than nonveterans; a higher proportion of their population is employed and they have higher annual income." (Monthly Labor Review, Nov. 1979, p. 11.)

Unemployment rates for Vietnam era veterans age 20-34 have gone from a high of 9.3 percent for 1975 to 5.1 percent for 1978 and 4.8 percent for 1979. The seasonally adjusted unemployment rate that most closely corresponds to the average age of Vietnam era veterans (30-34) today stands at 3.2 percent compared to 3.3 percent for their nonveteran peers (as of January 1980).

Black veteran unemployment was 7.6 percent in third quarter 1979, down from 11.2 percent a year ago. Hispanic veteran unemployment in third quarter 1979 was 5.1 percent compared to 6.8 percent a year ago. While minority Vietnam era veterans experienced greater unemployment problems than other veterans, they nevertheless have an unemployment rate lower than their nonveteran minority peers.

In the aggregate, VEVs individually and as members of a family unit have higher incomes than their nonveteran counterparts. Bureau of Census Current Population Survey (CPS) data reveal that VEVs age 20-39 had median personal money incomes of $14,690 during calendar year 1978, as compared to $10,826 median income for similarly aged non-veterans. Families headed by male VEVs age 20-39 also had higher median incomes ($19,906) than those headed by male nonveterans ($18,650) in 1978. These same statistics disclose that, in comparison with their nonveteran peers, there were proportionately fewer VEVs with personal incomes of less than $7,000 (15.5 percent vs. 31 percent) and proportionately more who were in the $10,000 - $20,000 or higher income brackets (73.9 percent vs. 54.4 percent). The same holds true when comparisons are made by family income.

An integral part of H.R. 5581 is predicated upon the assumption that Vietnam era veterans who served in Vietnam or Korea suffer greater employment problems than other Vietnam era veterans. We are unaware of any data upon which to support such a conclusion. Dr. Robert S. Laufer, principal investigator of the Vietnam era veteran research project for the Center for Policy Research, confirmed this lack of data when he testified before the Senate Committee on Veterans' Affairs on February 21 that "questions of differences between patterns of readjustment among Vietnam or Vietnam era veterans...is something we cannot answer at the moment."

In this connection, it should also be noted that in justifying special assistance for those who served in Vietnam, the sponsors of similar measures have pointed to what have been relatively higher unemployment rates for Vietnam era veterans aged 20-24. This ignores the fact that the average VEV is 33, that there are only 539,000 veterans (6 percent of the total VEVs) in that age bracket, and that few if any of those actually served in Vietnam.

Many veterans, of course, continue to have significant employment problems as recognized in the Presidential Review Memorandum. Although the Bureau of Labor Statistics does not develop unemployment rates for disabled veterans, unemployment for these veterans is believed to be significant. Consequently, extensive efforts have been underway to improve Federal efforts to aid disabled veterans including the Disabled Veteran Outreach program, the Targeted Jobs Tax Credit, and the comprehensive legislative revision of VA's Disabled Veterans Vocational Rehabilitation program which was introduced in the House as H.R. 4117, at our request, and later incorporated, to a large extent, in H.R. 5288, enacted by the House last October.

Also, as the PRM noted, there continue to be employment problems with certain minority and educationally disadvantaged veterans. We believe, however, that existing programs and initiatives are a proper way to proceed rather than enacting a new jobs program overlaid on ongoing programs. These are discussed later in our views on H.R. 5581.

For the purposes of this report, we would like to set forth our comments in the following sequence: (a) Our general objections to the proposal (in addition to those cited above); (b) the avenues for abuse which we have detected:

(c) specific observations on language contained in the bill (both general and technical); (d) potentials for alternative approaches to unemployment-underemployment problems of Vietnam era veterans; and (e) the cost aspects of the bill.

Turning to the first category, we have made a careful review of the overall terms of the measure and have determined that there are a number of objections we find to its provisions, in addition to those we have already spelled out. These are as follows:

A. The measure fails to contain sufficient controls over the utilization of veterans in jobs, either in the training phase or in the career-development portion.

B. All the employer would have to do under the training program would be to determine that a veteran has remaining entitlement to education benefits under the GI Bill and state there is an expectation of permanent employment after the training and career-development assistance ends. There is no firm commitment of a job.

C. The bill provides that no veteran shall be employed under the program which will result in another individual, already employed on the job, being displaced. There is no bar, however, under this provision, to an employer "discharging" an already employed veteran and "reemploying" him or her under the terms of the bill and utilizing Federal assistance to continue the veteran in the same job. Further, the bill might provide an incentive and an opportunity for an employer to fire a veteran once his subsidy has been exhausted in order to hire another veteran who had unused entitlement in order to receive another subsidy.

D. There is no real bar to "promoting" a veteran to a so-called higher position in a job area and utilizing Federal funding from the veteran's educational entitlement to make up the increased salary costs. Frequently the higher position would be one which the veteran would normally attain in any event.

E. We find little control over the employer in providing these "training slots." Those controls set forth in the bill contain sufficient exceptions that it would be easy for an employer to retain the veteran in the slot beyond the period of time needed to train the veteran and utilize Federal educational funding.

F. The employer may be a public or a private entity. Thus, we believe a State, county, or local governmental unit could take advantage of the proposal to utilize veterans in lieu of a public works program, again without providing a worthwhile occupation for the veteran. A similar problem was experienced in conjunction with the MDTA program.

G. The subsidy paid to the employer has no apparent relationship to the job or training provided. Essentially the same subsidy is paid whether the veteran is earning $4 or $6.50 an hour. (This may induce employers to place veterans in lower paying jobs so that the Federal subsidy will cover a greater portion of the cost of employing the veteran.) Additional subsidies are paid to an employer based on whether the veteran has dependents and, if so, how many. Since this would provide no additional benefits to the veteran, we are unable to perceive its relationship to training costs.

The Inspector General, who reviews legislative proposals in accordance with Pub. L. No. 95-452, has concluded that H.R. 5581 would be "particularly vulnerable to program fraud and abuse by employers acting alone or in collusion with eligible veteran employees." He has further noted that "Government administration of such a program would be labor intensive and relatively expensive." The specific types of fraud and abuse situations that we (including the Inspector General) anticipate could occur include:

A. Failure of employers to notify VA of the resignation or discharge of veteran employees who were program participants thereby illegally continuing to receive benefits related to such employees.

B. Fraudulently obtaining benefits by a collusive arrangement with veteran "employees" who do not actually work for the employer.

C. Lack of any real intent on the part of employers to provide a position for veteran employees when program benefits are used up.

D. Laying off existing employees, either veterans already enrolled in on-the-job training programs or non-veterans, to make room for veteran employees who would qualify employers for program benefits.

E. Failing to provide the quality of training or developmental experience needed to really assist the veteran employees.

F. Failing to report/discharge veteran employees who are not making satisfactory progress, thereby improperly continuing to qualify for program benefits.

We have also reviewed the specific provisions and language contained in H.R. 5581 and have determined there are a great number of ambiguities as well as technical problems contained therein. These are set forth below:

A. On page 5, lines 10-15, the term "eligible employer" is defined. As the definition presently reads, a self-employed veteran could not become the employer and trainer of another veteran. Thus, technically, all sole-proprietorships owned by veterans would be barred from participating in the program. We assume the intent of the provision is to bar a self-employed veteran from becoming the trainee of his firm; however, the way the language presently reads there is a basis for the other interpretation.

B. On page 5, lines 16-20, the term "dependent" is defined. This term includes the child of a veteran without any other restriction. Thus, a veteran with a married child who is aged 30, for example, would be able to claim the child as a dependent for purposes of this title. This is inconsistent with our rules in similar situations under our dependents' education program and other VA education programs.

C. On pages 5-6, the terms of the two major components of the program are defined. As nearly as we can determine from our review of the language, the difference in the two programs is in the manner of payment and the amount of payment, but basically both are mere jobs program subsidies. The employer gets paid whether the veteran is trained or not. There is no guarantee that the veteran will actually benefit by attaining better skills or a better job. While those may be the goals of the program, no legal controls are included to insure fulfillment of the goals. The only significant difference between the two programs seems to be that in the career development and training program the assistance may be directed to advancing the veteran's chosen "occupation" while the career development and advancement program may be directed to advancing the veteran's chosen "career." In addition, the career development and training program allows subsidies of training costs which the other does not, but, unlike the other program, only allows partial subsidies of the veteran's wages and benefits. It appears there should be a more clear-cut understanding of the difference between the two programs.

D. Section 2105 of the measure, set forth on page 7, contemplates that "additional occupational skills assessment counseling and assistance" will be provided by the VA. It is not clear how these "additional" services would differ from those already being provided veterans.

E. On page 7, line 22, the terms "occupational" and "vocational" are used in the conjunctive. It appears to us that they are really synonomous.

F. On page 8, line 16, the word "or" is superfluous.

G. On page 8, line 17, there should be a comma after the word "qualified".

H. On page 11, lines 18-19, the text refers to the two major components of the program in the disjunctive. The grammatical significance would appear to indicate that the individual could take benefits under both programs consecutively. While we believe the actual intent is to permit the individual to receive benefits under only one program, there is nothing to indicate one way or the other.

I. On page 11, lines 20-23, the provisions state that the amount of the allowance paid on behalf of the veteran may include the full-time training rate for chapter 34 institutional training, including the dependency allowance. We believe that in some instances the employer to whom the allowance is paid would prefer to have the largest amount payable and would, therefore, seek out married veterans with children to the detriment of the single veteran.

J. On pages 11-12, paragraphs (a)(1)-(4) detail the maximum periods of training allowed under the law. It is not clear, however, if the intent is to provide cumulative periods or if the intent is that only one of the four shall apply to a given veteran. For example, if the veteran served in Vietnam, does he get 9 months under paragraph (3) plus 18 months under paragraph (1) or does the veteran get one, but not the other? We presume not, but it is not clear.

K. On page 12, in paragraph (b), limits are placed on the amount of benefits payable. The language in lines 23-25 seems to indicate the intent that payment will be made after the fact based upon the actual increase in wages the veteran attains due to the training. Similarly, the provisions on page 13, lines 10-13, do likewise. The problem arises from the fact that one paragraph is worded in the present tense and one in the past tense, so we cannot ascertain if the determination is to be retroactive or anticipatory. Retroactivity obviously would be the only practical way to go administratively.

L. Interspersed in certain sections of the bill (sections 2101, 2114, 2133, 2140, and 2142) are references to "and persons." It seems apparent that an effort has been made in certain cases to provide for the eligibility of individuals other than veterans. There is no definition in the proposal setting forth who these individuals are to be unless it refers to those "dependents" cited in section 2102(c) of the proposal. However, we do not read this as the case. It appears that some of the references are inappropriate.

M. A problem as to certification is found on page 14, line 2. The verb is in the past tense. The question raised is whether it is meant that the certification is to be made on the basis of what has already occurred.

N. On page 16, lines 21-25 do not appear to make sense. The text appears to imply that the wages otherwise paid to the individual plus the VA allowance may not be less than the journeyman rate. On the other hand, one could read the language as meaning that the employer must reduce the normal wage payable by the amount of the VA payment and then the two combined may not be less than the journeyman wage.

O. Page 19 contains, in lines 3-8, a requirement that the job should be available upon completion of training with "reasonable certainty." Aside from the vagueness of that term, we question whether the job has to be available in the same region as the training or if the requirement will be met even though the New York trainee, for example, has to go to California for the actual job.

P. Section 2134, beginning at line 3 on page 21, appears to be garbled. The sentence beginning at line 12 on page 21 seems to say that the certificate of approval must contain a catalog of the employer which is signed by the approving agent and contains information not yet available to the employer when the catalog is prepared. Apparently what is meant is that the material detailed on pages 21-22 in lines 16-25 and 1-5 should be in the approval, not in the employer catalog. The problem is the literary referent of the word "which" in line 15 on page 21.

Q. We note that concurrent notice of suspension of the employer from the program is not required, as is presently set forth in our education programs (see lines 25 and 1-4, pages 23-24).

For the foregoing reasons, we believe that H.R. 5581 is an ill-conceived solution to the unemployment and underemployment problems still being faced by some Vietnam era veterans.

Instead of the proposal made in the bill, we would suggest certain alternatives, some of which are already being used and some of which are under consideration. On balance, we believe these alternatives provide less likelihood for abuse and more likelihood of providing meaningful employment for veterans.

First, the current GI Bill (38 U.S.C. § 1787) provides for a program of on-job and apprentice training opportunities for eligible veterans. A married veteran training under this program who has two dependents may be paid a training assistance allowance by the VA of $277 per month in addition to the salary the veteran receives from the employer. The assistance allowance is available over a 2-year period with the basic allowance declining each 6 months during the veteran's employment and with the salary being paid the veteran increasing as he or she attains more experience. More than 500,000 Vietnam era veterans have participated in this program since the enactment of Pub. L. No. 90-77. In Fiscal Year 1979, approximately 84,000 veterans received benefits under this program.

Second, there are a variety of programs available to veterans under the Comprehensive Employment and Training Act (CETA) including Help through the Industry Retraining and Employment (HIRE) program which created over 38,000 on-job slots for veterans. Under this program, private sector employers are reimbursed for any extraordinary costs to them of training Vietnam era veterans hired by them. The Secretary of Labor is required by law to take special steps under CETA to maximize the opportunities for Vietnam era veterans and disabled veterans in all programs conducted by prime sponsors such as job training, upgrading and retraining, public service employment, and private sector initiatives. It is estimated that approximately 3 million of these veterans have been served by this program since it commenced in 1973.

Third, there is the Targeted Jobs Tax Credit program authorized in October 1978 by Pub. L. No. 95-600. Employers under this program receive a tax credit of up to $3,000 for hiring individuals who are members of certain targeted groups, including certain low-income Vietnam era veterans.

In our recommendations to the Congress a year ago, embodied in H.R. 3272 and S. 870 (recently included by the Senate in H.R. 5288 in a somewhat differing form), we urged extension of the delimiting date under the GI Bill to permit those veterans who are educationally disadvantaged or who need vocational or job training, an additional 2 years to pursue OJT and apprentice, vocational, and high school training. We believe such a proposal would induce a substantial number of veterans to enroll in these programs and thereby enhance their employment opportunities.

We note that the Senate, in its version of H.R. 5288, has included a provision which would require that all eligible Vietnam era veterans, regardless of the length of time they have been out of service, be covered for at least 2 years by the affirmative action and mandatory listing requirements imposed by law in connection with Federal contracts. Under those requirements, any firm with a contract with the Federal Government involving more than $10,000 must have an approved affirmative action plan for Vietnam era veterans and disabled veterans and is required to list job openings with local employment services which in turn are required to give eligible veterans priority in referral to jobs. (Current law limits the provision to veterans who have been discharged within the prior 48 months.) It is estimated that over 540,000 Vietnam era veterans have been placed in jobs as a result of this provision of law. Broadening of the base would, it is believed, result in more hirings of these veterans.

We would point out that the Department of Labor and the Veterans Administration are working to more closely coordinate efforts to improve the utilization of the on-job training benefits program authorized by section 1787 of title 38, and are also working very closely to coordinate the efforts of the two agencies in conjunction with the Targeted Jobs Tax Credit Program and the Comprehensive Employment and Training Act. Both of these programs are capable in and of themselves of providing appropriate incentives to employers to participate in the VA on-job training program and thus provide needed training for those veterans who have remaining entitlement under the GI Bill. We believe greater efforts at making existing programs work would considerably enhance the job opportunities for veterans.

We would also point out that the program proposed by H.R. 5581 would impose a significant paperwork burden on the employer at a time when the Federal Government is attempting to reduce such a burden and would also increase the Federal agency paperwork due to new approval requirements that do not accord with those currently followed for VA programs.

Finally, we would like to discuss the potential cost aspects of H.R. 5581.

Based on the problems we have set forth above, including the risk of substantial abuse, it is clear that it is extremely difficult to provide any certainties as to the cost of this proposal. If there were widespread abuse, potential cost could exceed $1 billion a year.

Based on our experience in more traditional and structured programs, however, we believe that the following level of participation could be anticipated for the four categories of potentially eligible individuals as defined in the bill. Assuming (a) a participation rate of 135,000 veterans the first fiscal year, 300,000 the second fiscal year, and 150,000 in each of the third and fourth fiscal years; (b) an average of 4 months per participant in the first and last years; (c) an average of 7 months in the second and third years; and (d) an average cost of $311 per participant (the present rate for single full-time training), the following cost estimate would be the result:

FY	Participants	Benefits Cost (in thousands)	Manyears	Administrative Cost (in thousands)
1980	135,000	$ 167,940	436	$ 25,595.4
1981	300,000	653,100	759	55,128.9
1982	150,000	326,550	468	31,370.7
1983	150,000	186,600	468	33,070.1
1984	-	-	-	-
		$1,334,190	2,131	$145,165.1

For the foregoing reasons, the Veterans Administration strongly opposes the enactment of H.R. 5581.

The Office of Management and Budget advises that there is no objection to the submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely,

MAX CLELAND
Administrator

I

96TH CONGRESS
1ST SESSION

H. R. 6165

To amend title 38, United States Code, to allow certain veterans with active duty service prior to January 1, 1977, to participate in the contributory educational assistance program under chapter 32 of such title.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 18, 1979

Mr. HEFNER (for himself and Mr. ROBERTS) introduced the following bill; which was referred to the Committee on Veterans' Affairs

---

A BILL

To amend title 38, United States Code, to allow certain veterans with active duty service prior to January 1, 1977, to participate in the contributory educational assistance program under chapter 32 of such title.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1602(1)(A) of title 38, United States Code is amended by—

(1) striking out "or" before "(ii)"; and

(2) striking out the period at the end thereof and inserting in lieu thereof a comma and "or (iii) entered

military service on or after January 1, 1977, after having served on active duty before or after such date for a period of 180 days or less and was discharged or released therefrom under conditions other than dishonorable.".

Office of the
Administrator
of Veterans Affairs

Washington, D.C. 20420

Veterans
Administration

MAR 5 1980

Honorable Ray Roberts
Chairman, Committee on
Veterans' Affairs
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This will respond to your request for a report by the Veterans Administration on H.R. 6165, 96th Congress, a bill "To amend title 38, United States Code, to allow certain veterans with active duty service prior to January 1, 1977, to participate in the contributory educational assistance program under chapter 32 of such title."

This measure proposes to amend section 1602(1)(A) of title 38, to include in the term "eligible veteran" those persons who entered military service on or after January 1, 1977, after having served on active duty before or after such date for a period of 180 days or less and were discharged or released therefrom under conditions other than dishonorable.

Under current law, eligibility to participate in the chapter 32 educational assistance program is restricted to those who initially entered military service on or after January 1, 1977. Further, individuals who served on active duty prior to January 1, 1977, and were discharged for hardship reasons before serving for more than 180 continuous days are ineligible to receive educational assistance under chapter 34. Subsequent reentry on active duty after December 31, 1976, would not entitle such individuals to participate in the chapter 32 program. Thus, these individuals are currently ineligible to receive benefits under either chapter 32 or chapter 34.

While the intent of the proposed legislation is to provide these individuals with eligibility for chapter 32 benefits, we believe the bill's present language could be interpreted to provide eligibility to persons who initially serve on active duty for 180 days or less on or after January 1, 1977. Such an interpretation would be contrary to 38 U.S.C. § 1602(1)(A)(i), which confers eligibility upon veterans initially entering military service on or after January 1, 1977, and serving on active duty for a period of more than 180 days commencing on or after such date. Therefore, we would recommend that the proposal be clarified to assure that service on active duty for a period of more than 180 days commencing on or after January 1, 1977, is still required where the individual initially enters service on or after such date except where the individual incurs a service-connected disability [as provided under 38 U.S.C. § 1602(1)(A)(ii)].

It is estimated that the cost of this bill, with the clarification noted above, would be minimal.

For the reason stated above, the Veterans Administration opposes the enactment of H.R. 6165 in its present form; however, we favor its enactment with the specified clarifying provision.

The Office of Management and Budget advises that there is no objection to the submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely,

MAX CLELAND
Administrator

I

96TH CONGRESS
1ST SESSION

H. R. 6166

To amend title 38, United States Code, to provide for disbursement of unused chapter 32 contributions upon the death of the participant.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 18, 1979

Mr. HEFNER (for himself and Mr. ROBERTS) introduced the following bill; which was referred to the Committee on Veterans' Affairs

---

A BILL

To amend title 38, United States Code, to provide for disbursement of unused chapter 32 contributions upon the death of the participant.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the text of section 1624 of the title 38, United States Code, is amended to read as follows: "If a participant dies while on active duty, or after having been discharged or released therefrom, the amount of such participant's unused contributions to the fund shall be paid—

"(1) to the beneficiary or beneficiaries designated by such participant under such participant's Servicemen's Group Life Insurance policy, or

"(2) if no beneficiary has been designated under such policy or if the participant is not insured under the Servicemen's Group Life Insurance program, then—

"(A) to the surviving spouse of such participant;

"(B) if no surviving spouse, to the child or children of such participant and descendants of deceased children by representation;

"(C) if none of the above, to the parents of such participant or the survivor of them;

"(D) if none of the above, to the duly appointed executor or administrator of the estate of such participant; or

"(E) if none of the above, to other next of kin of such participant entitled under the laws of domicile of such participant at the time of death.".

Office of the
Administrator
of Veterans Affairs

Washington, D.C. 20420

Veterans
Administration

MAR 5 1980

Honorable Ray Roberts
Chairman, Committee on
Veterans' Affairs
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This will respond to your request for a report by the Veterans Administration on H.R. 6166, 96th Congress, a bill "To amend title 38, United States Code, to provide for disbursement of unused chapter 32 contributions upon the death of the participant."

This measure proposes to amend section 1624 of title 38, to provide that, upon the death of a chapter 32 (the contributory education program) participant, the amount of his or her unused contributions to the fund shall be paid according to a statutory order of precedence, as follows:

(1) to the beneficiary or beneficiaries designated by such participant under his or her Servicemen's Group Life Insurance policy,

(2) to the surviving spouse of the participant,

(3) to the child or children of the participant and descendants of deceased children by representation,

(4) to the parents of the participant or the survivor of them,

(5) to the duly appointed executor or administrator of the participant's estate,

(6) to other next of kin of the participant entitled under the laws of domicile of the participant at the time of death.

Under current law, if a participant dies, the amount of his or her unused contributions to the fund are paid to the beneficiary or beneficiaries designated by such participant under his or her Servicemen's Group Life Insurance policy, or to the participant's estate if no beneficiary has been designated under such policy or if the participant is not insured under the SGLI program.

An unexpectedly high number of death refund claims have been submitted involving either no designated SGLI beneficiary or no SGLI policy in effect. If the participant dies intestate, the Veterans Administration must presently require formal estate administration or pay the refund under the laws of descent and distribution of the participant's domicile. Both are time consuming and impose a financial burden on the claimants, often disproportionate to the rather small amount of money involved. (The amounts in question can range from $50 through $2,700.) It is anticipated that even more deaths will occur after participants are separated from service, when SGLI is generally no longer in effect.

The proposed bill would enable the Administration to provide a refund to persons determined by a uniform, statutory order of precedence, which would remain the same whether or not the participant had a SGLI policy in effect. It would further avoid the necessity of requiring ultimate recipients to go through often costly estate administration procedures.

It is estimated that the cost of this bill would be minimal.

For the above reasons, the Veterans Administration favors the enactment of H.R. 6166.

The Office of Management and Budget advises that there is no objection to the submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely,

MAX CLELAND
Administrator

I

96TH CONGRESS
1ST SESSION

H. R. 6167

To amend title 38, United States Code, to preclude tutorial assistance to eligible veterans by certain family members.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 18, 1979

Mr. HEFNER (for himself and Mr. ROBERTS) introduced the following bill; which was referred to the Committee on Veterans' Affairs

---

A BILL

To amend title 38, United States Code, to preclude tutorial assistance to eligible veterans by certain family members.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection 1692(b)(2) of title 38, United States Code is amended to read as follows: "the tutor chosen to perform such assistance is qualified and is not the eligible veteran's parent, spouse, brother, or sister; and".

Office of the
Administrator
of Veterans Affairs

Washington, D.C. 20420

Veterans
Administration

MAR 5 1980

Honorable Ray Roberts
Chairman, Committee on
Veterans' Affairs
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This will respond to your request for a report by the Veterans Administration on H.R. 6167, 96th Congress, a bill "To amend title 38, United States Code, to preclude tutorial assistance to eligible veterans by certain family members."

This measure proposes to amend subsection 1692(b)(2) of title 38 to require that the educational institution certifying the veteran's need for tutorial assistance also certify that the tutor chosen to perform such assistance is qualified and is not the eligible veteran's parent, spouse, brother, or sister.

The purpose of providing tutorial assistance to the veteran is to permit him or her to meet the financial obligations incurred for necessary tutorial services. Personal services of a close family member generally do not constitute a legal monetary obligation. The payment of tutorial assistance under these circumstances is tantamount to supplementing the income of the veteran's family.

Veterans Administration audits have revealed several instances where the tutors selected to provide tutorial assistance have been the veterans' wives and husbands. In one case, a veteran's wife (herself a veteran) tutored her husband at the same time she was receiving tutorial assistance for the same course. Thus, the proposed legislation would serve to discourage abuses of the tutorial assistance program which have occurred.

It is estimated that savings resulting from this proposal would be minimal.

For the foregoing reasons, the Veterans Administration favors the enactment of H.R. 6167.

The Office of Management and Budget advises that there is no objection to the submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely,

MAX CLELAND
Administrator

I

96th CONGRESS
1st Session

H. R. 6168

To amend title 38, United States Code, to increase the rates of educational assistance and special training allowance paid to eligible veterans and persons, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

December 18, 1979

Mr. Hefner (for himself, Mr. Roberts, and Mr. Hammerschmidt) introduced the following bill; which was referred to the Committee on Veterans' Affairs

---

A BILL

To amend title 38, United States Code, to increase the rates of educational assistance and special training allowance paid to eligible veterans and persons, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "Veterans' Education Amendments of 1980".

(b) Except as otherwise expressly provided, whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

Sec. 2. Chapter 34 is amended by—

(1) striking out in the last sentence in section 1677(b) "$288" and inserting in lieu thereof "$331";

(2) amending the table contained in paragraph (1) of section 1682(a) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Type of program	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$358	$426	$485	$30
Three-quarter-time	269	320	364	23
Half-time	179	213	243	15
Cooperative	289	338	384	22";

(3) striking out in section 1682(b) "$311" and inserting in lieu thereof "$358";

(4) amending the table contained in paragraph (2) of section 1682(c) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Basis	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Full-time	$289	$338	$384	$22
Three-quarter-time	217	254	288	17
Half-time	145	169	192	11";

(5) striking out in section 1692(b) "$69" and "$828" and inserting in lieu thereof "$79" and "$952", respectively; and

(6) striking out in section 1696(b) "$311" and inserting in lieu thereof "$358".

SEC. 3. Chapter 35 is amended by—

(1) striking out in section 1732(b) "$251" and inserting in lieu thereof "$289"; and

(2) striking out in section 1742(a) "$311", "$98", "$98", and "$10.40" and inserting in lieu thereof "$358", "$113", "$113", and "$11.96", respectively.

SEC. 4. Chapter 36 is amended by—

(1) striking out in section 1786(a)(2) "$311" and inserting in lieu thereof "$358";

(2) amending the table contained in paragraph (1) of section 1787(b) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Periods of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
First 6 months	$260	$292	$319	$14
Second 6 months	194	227	254	14
Third 6 months	130	162	189	14
Fourth and any succeeding 6-month periods	64	97	124	14";

and

(3) striking out in section 1798(b)(3) "$311" and inserting in lieu thereof "$358".

SEC. 5. The provisions of this Act shall take effect October 1, 1980.

I

96TH CONGRESS
2D SESSION

H. R. 6327

To amend title 38, United States Code, to provide expanded readjustment benefits for Vietnam-era veterans by promoting employment of such veterans through a program of job vouchers.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 29, 1980

Mr. DASCHLE introduced the following bill; which was referred to the Committee on Veterans' Affairs

---

A BILL

To amend title 38, United States Code, to provide expanded readjustment benefits for Vietnam-era veterans by promoting employment of such veterans through a program of job vouchers.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 42 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"§ 2015. Job voucher employment assistance program

"(a) A veteran of the Vietnam era shall be entitled to employment assistance as provided in this section for a period of not more than twelve months.

"(b)(1) Except as provided in paragraphs (4) and (5) of this subsection, an employer (other than the Federal Government) who after the effective date of this section employs a veteran of the Vietnam era in a job meeting the requirements of subsection (d) (and regulations prescribed thereunder) shall be eligible to receive a monthly payment from the Administrator for so long as the veteran is employed by such employer (not to exceed twelve months) and the veteran is eligible for employment assistance under this section.

"(2) The Administrator, at the request of a veteran of the Vietnam era, shall issue such veteran an employment voucher. Whenever such veteran is employed by an employer as provided in this section, the veteran shall sign the voucher and submit it to the employer in accordance with such regulations as the Administrator shall prescribe to insure compliance with the provisions of this section. Upon proper presentation of the voucher to the Administrator, the Administrator shall provide the employer with monthly payments as provided by this section.

"(3)(A) To receive a payment under this section on any voucher submitted to an employer by a veteran, an employer shall submit the voucher to the Administrator at such time, in such form and manner, and containing such information as the Administrator may by regulation require. Upon receipt of the voucher, the Administrator shall make the payment authorized by paragraph (1) of this subsection.

"(B) The amount of the monthly payment to an employer under paragraph (1) of this subsection during the first six months of employment shall be the same as the amount of the monthly training assistance allowance paid under section 1787 of this title during the first six months of training to a veteran with no dependents pursuing a full-time program of apprenticeship or other on-job training under chapter 34 of this title, and the amount of such month payment during the second six months of employment shall be the same as the amount of the monthly training assistance allowance paid under such section during the second six months of training to such a veteran.

"(4) An employer shall not be eligible to receive a payment under this section with respect to the employment of a veteran for any period of the employment of such veteran for which the employer has taken a tax credit allowed under section 44B of the Internal Revenue Code of 1954.

"(5)(A) If a veteran has used the first nine months of eligibility for employment assistance under subsection (a)(1) of this section with the same employer, such employer may not receive any payment under this section for employment of such veteran for any period after the period for which such eligibility was used unless the employment of such veteran with such employer continues for not less than nine months after such period.

"(B) Subparagraph (A) of this paragraph shall not apply if the veteran voluntarily terminates employment with the employer or if the employer terminates the employment of the veteran for cause.

"(C) For purposes of subparagraph (B), the term 'for cause' means—

"(i) for criminal activity with respect to the employer;

"(ii) for incompetence;

"(iii) for excessive absenteeism; or

"(iv) for such other reasons as the Administrator may prescribe by regulation.

"(c) An employer shall not be eligible to receive a payment under this section with respect to the employment of a veteran for any period if such veteran was previously employed by such employer within one hundred and eighty days of the first day of such period.

"(d) In order for a veteran to receive employment assistance under this section, the job in which the veteran is employed and with respect to which the assistance is sought must be one that pays a salary of not more than $11,000 a year (or the equivalent thereof, as determined by the Administrator) and that provides significant training opportunities, satisfactory to the Administrator, for the veteran. The Administrator shall prescribe regulations to define 'significant training opportunities' for the purposes of this subsection.

"(e) The amount of the salary paid for any period to any veteran receiving employment assistance under this section that is equal to the amount paid by the Administrator under this section to the employer of such veteran for such period shall be exempt from taxation.

"(f) No payment may be made under this section for any period after September 30, 1983.

"(g) For the purposes of this section, the term 'veteran of the Vietnam era' has the meaning given such term by section 2011(2)(A) of this title.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"2015. Job voucher employment assistance program.".

SEC. 2. The amendments made by the first section of this Act shall take effect on October 1, 1980.

Office of the
Administrator
of Veterans Affairs

Washington, D.C. 20420

Veterans
Administration

MAR 5 1980

Honorable Ray Roberts
Chairman, Committee on
Veterans' Affairs
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This will respond to your request for a report by the Veterans Administration on H.R. 6327, 96th Congress, a bill "To amend title 38, United States Code, to provide expanded readjustment benefits for Vietnam-era veterans by promoting employment of such veterans through a program of job vouchers."

This bill would provide payments to employers of Vietnam veterans for periods not to exceed 12 months. Only those veterans who served on active duty for more than 180 days during the Vietnam era and who were discharged under other than dishonorable conditions (or who served during the Vietnam era and were discharged because of a service-connected disability) would qualify.

The job must provide significant training opportunities as determined by the VA and the salary must not exceed $11,000 per year. The veteran would have to apply to the VA for a job voucher, which he or she would take to the employer. The employer would redeem the voucher at the VA. The amount of the payments made would be the same as the amount paid for a veteran with no dependents by the VA during the first and second 6-month payment periods under the current VA OJT program authorized by section 1787 of title 38, United States Code.

The employer would not be eligible for a payment from the VA under this program if the employer had received a Targeted Jobs Tax Credit under laws administered by the Internal Revenue Service. The law would bar the employer from receiving a second payment for the same veteran, when the veteran had already used 9 months of benefits for employment by the same employer, until the veteran had worked an additional 9 months for that employer. Although the provision is somewhat ambiguous, it would appear that the veteran could then receive up to 3 additional months of benefits through the employer. In addition, the job must provide "significant training opportunities" as determined by VA regulations. The program would begin on October 1, 1980, and would terminate on September 30, 1983.

The Veterans Administration is strongly opposed to the enactment of H.R. 6327. Contrary to its expressed intention of addressing employment problems of Vietnam era veterans, enactment of this measure would result in a vague, ill-defined program which would convert veteran educational entitlements into substantial employer subsidies at considerable cost to the taxpayer. These subsidies would be highly subject to abuse and there is no assurance that the Federal resources expended would be effectively directed to providing meaningful training and job training opportunities for those veterans who need them.

First, we believe that the measure would simply layer a new program on top of available programs that are in place and working. No justification is advanced to indicate why existing programs should not be utilized or, if appropriate, be strengthened. Nor is there any evidence adduced to show that this program could deal with veteran employment problems more effectively than those currently available.

Second, the proposed program would, in our opinion and in the opinion of the Inspector General of this agency, be rife for abuse and likely to produce substantial wasted taxpayer expenditures which, in turn, would require greatly expanded bureaucracy and Government regulation.

Third, the conversion of an educational assistance allowance which is based on educational and subsistence expenses of veterans into a direct employer subsidy is illogical, unprecedented, and contrary to established on-job training assistance programs for veterans.

Fourth, ignoring the basic purpose for readjustment assistance, the measure would provide for a general across-the-board extension of the delimiting date for veterans, something which Congress in recent years has consistently refused to do.

Fifth, we have a number of serious reservations about the language of many of the provisions of the bill, which are vague, contradictory, and at times incomprehensible.

In dealing with programs of assistance for Vietnam era veterans, it is useful to place their employment problems in perspective. Data from the Bureau of Labor Statistics show that Vietnam era veterans, as they get older and as they benefit from education and training, do not differ greatly from their nonveteran peers: "In many respects veterans are on an equal or better footing in the labor market than nonveterans; a higher proportion of their population is employed and they have higher annual income." (Monthly Labor Review, Nov. 1979, p. 11.)

Unemployment rates for Vietnam era veterans age 20-34 have gone from a high of 9.3 percent for 1975 to 5.1 percent for 1978 and 4.8 percent for 1979. The seasonally adjusted unemployment rate that most closely corresponds to the average age of Vietnam era veterans (30-34) today stands at 3.2 percent compared to 3.3 percent for their nonveteran peers (as of January 1980).

Black veteran unemployment was 7.6 percent in third quarter 1979, down from 11.2 percent a year ago. Hispanic veteran unemployment in third quarter 1979 was 5.1 percent compared to 6.8 percent a year ago. While minority Vietnam era veterans experienced greater unemployment problems than other veterans, they nevertheless have an unemployment rate lower than their nonveteran minority peers.

In the aggregate, VEVs individually and as members of a family unit have higher incomes than their nonveteran counterparts. Bureau of Census Current Population Survey (CPS) data reveal that VEVs age 20-39 had median personal money incomes of $14,690 during calendar year 1978, as compared to $10,826 median income for similarly aged nonveterans. Families headed by male VEVs age 20-39 also had higher median incomes ($19,906) than those headed by male nonveterans ($18,650) in 1978. These same statistics disclose that, in comparison with their nonveteran peers, there were proportionately fewer VEVs with personal incomes of less than $7,000 (15.5 percent vs. 31 percent) and proportionately more who were in the $10,000 - $20,000 or higher income brackets (73.9 percent vs. 54.4 percent). The same holds true when comparisons are made by family income.

Many veterans, of course, continue to have significant employment problems as recognized in the Presidential Review Memorandum. Although the Bureau of Labor Statistics does not develop unemployment rates for disabled veterans, unemployment for these veterans is believed to be significant. Consequently, extensive efforts have been underway to improve Federal efforts to aid disabled veterans including the Disabled Veteran Outreach program, the Targeted Jobs Tax Credit, and the comprehensive legislative revision of VA's Disabled Veterans Vocational Rehabilitation program which was introduced in the Senate as S. 1188 at our request.

Also, as the PRM noted, there continue to be employment problems with certain minority and educationally disadvantaged veterans. We believe, however, that existing programs and initiatives are a proper way to proceed rather than enacting a new jobs program overlaid on ongoing programs.

For the purposes of this report, we would like to present our comments in the following categories: (a) Our general objections to the proposal (in addition to those cited above); (b) the avenues for abuse which we have detected; (c) specific observations on language contained in the bill (both general and technical); (d) potentials for alternative approaches to unemployment-underemployment problems of Vietnam era veterans; and (e) the cost aspects of the bill.

Turning to the first category, we have made a careful review of the overall terms of the measure and have determined that there are a number of objections we find to its provisions. These are as follows:

A. The measure fails to contain sufficient controls over the utilization of veterans in jobs, merely requiring that the job provide "significant training opportunities." The VA is given no congressional guidance for determining how such opportunities are to be ascertained, but is made responsible for doing so.

B. The employer has no obligation to see to the training of the veteran, nor is there any assurance that the employee must meet any established goal by the completion of the 12-month payment period.

C. The bill provides that the employer must hire the veteran under the program after the effective date of the law. There is no bar, however, under this provision, to an employer "discharging" an already employed veteran and "reemploying" him or her under the terms of the bill and utilizing Federal assistance to continue the veteran in the same job.

D. The employer may be any person or organization other than the Federal Government. Thus, the bill could be used as a substitute public works program by State and local governments. All too often such programs provide little skills training for the employee and are used only to underwrite the funding of State or local government unskilled labor costs.

E. The subsidy paid to the employer has no apparent relationship to the job or training provided. Essentially the same subsidy is paid whether the veteran is earning $4 or $6.50 an hour. (This may induce employers to place veterans in lower paying jobs so that the Federal subsidy will cover a greater portion of the cost of employing the veteran.)

The Inspector General, who reviews legislative proposals in accordance with Pub. L. No. 95-452, has concluded that H.R. 6327 would be "particularly vulnerable to program fraud and abuse by employers acting alone or in collusion with eligible veteran employees." He has further noted that "Government administration of such a program would be labor intensive and relatively expensive." The specific types of fraud and abuse situations that we (including the Inspector General) anticipate could occur include:

A. Failure of employers to notify the VA of the resignation or discharge of veteran employees who were program participants, thereby illegally continuing to receive benefits related to such employees.

B. Fraudulently obtaining benefits by a collusive arrangement with veteran "employees" who do not actually work for the employer.

C. Lack of any real intent on the part of employers to provide a position for veteran employees when program benefits are used up.

D. Laying off existing employees, either veterans already enrolled in on-the-job training programs or non-veterans, to make room for veteran employees who would qualify employers for program benefits.

E. Failing to provide the quality of training or developmental experience needed to really assist the veteran employees.

The difficulty in enforcing and policing a subsidy program is substantial. Additional employees would be required to handle the paperwork generated by such a program. Investigators to assure compliance would also be needed to handle the increased workload. Further, the program would impose a significant burden on the employer in paperwork at a time when the Federal Government is attempting to reduce such a burden and would also increase the Federal agency paperwork due to new approval requirements that do not accord with those currently followed for VA programs.

Next, we wish to point out a number of technical problems inherent in the language of the bill.

A. The definition used for "Vietnam era veterans" is not the one normally associated with VA education and training programs. Instead, it is the one found in section 2011 (2)(A) of title 38. We assume from the bill's provisions that section 2011(2)(B) does not apply even though section 2011(2)(A) ends with the phrase ", and", implying the provision is somehow incomplete. Therefore, we are uncertain as to whether the veteran must apply within 48 months of discharge as required by section 2011(2)(B).

B. The proposed section 2015 contains a subsection (a) but that subsection is not further subdivided. Yet, subparagraph (b)(5)(A) references subsection (a)(1). Either some portion of subsection (a) has been omitted from the bill or the cross-citation is in error.

C. In no portion of the bill does it appear that the veteran involved must have any remaining entitlement to benefits under any of the other educational, training, or benefits programs of the VA. Thus, a veteran who used up to 45 months of chapter 34 benefits pursuing vocational training (including OJT and apprenticeship training) could still get a tax break and qualify his or her employer for a payment under the bill. It seems that this oversight could result in multiplying the assistance on behalf of a particular veteran unnecessarily.

D. While subsection (b) seems to authorize the VA to establish regulations which would limit abuses in the program, it is totally unclear as to whether the VA must pay the employer the benefit without first verifying compliance. Subsection (b)(2) merely requires presentation of the voucher by the employer to start the payments.

E. Subsection (b) seems to contemplate a one-time submission of the voucher by the employer to the VA, without any subsequent certifications on the part of the employer. We believe that could be rife with abuse inasmuch as there are no controls to insure that the agreements are in fact being carried out.

F. We believe the word "month" in line 13 on page 3 should be "monthly."

G. Subsection (b)(5)(A) does not seem to be an appropriate provision. As noted above, it erroneously cross-cites subsection (a)(1) which does not exist. Furthermore, it is susceptible to two interpretations. It could mean that the employee, who used 9 months of his or her 12 months of benefits with a particular employer, must then work an additional 9 months before payment of the remaining 3 months of benefits for the same employer may be made. On the other hand, it may mean that a veteran, who has 9 months of eligibility with the employer and quits or is fired but returns again to work with the same employer, must first work 9 months before qualifying again under the program and then work 3 months to exhaust the eligibility. We are unable to tell what is meant by the subsection. If the latter interpretation is used a veteran would be better to quit after 8 months, if he or she knows he or she will later be rehired. Also, it is not clear what difference it should make that the second employer is the same as the first.

H. Subsection (b)(5)(B) is even more unclear in that it provides that (b)(5)(A) is inapplicable if the veteran quits or the employer terminates him or her for cause. It could mean that the veteran who is fired without cause, upon being rehired by the same employer, qualifies the employer for the benefit without a 9-month waiting period. If so, that would seem to reward the employer for an arbitrary act.

I. In any event, those provisions in subsection (b) appear to conflict with subsection (c) which requires a 180-day waiting period for rehiring an employee.

For the foregoing reasons, we believe that H.R. 6327 is an ill-conceived solution to the unemployment and underemployment problems still being faced by some Vietnam era veterans.

Instead of the proposal made in the bill, we would suggest certain alternatives, some of which are already being used and some of which are under consideration. On balance, we believe these alternatives provide less likelihood for abuse and more likelihood of providing meaningful employment for veterans.

First, the current GI Bill (38 U.S.C. § 1787) provides for a program of on-job and apprentice training opportunities for eligible veterans. A married veteran training under this program who has two dependents may be paid a training assistance allowance by the VA of $277 per month in addition to the salary the veteran receives from the employer. The assistance allowance is available over a 2-year period with the basic allowance declining each 6 months during the veteran's employment and with the salary being paid the veteran increasing as he or she attains more experience. More than 500,000 Vietnam era veterans have participated in this program since the enactment of Pub. L. No. 90-77. In Fiscal Year 1979, approximately 84,000 veterans received benefits under this program.

Second, there are a variety of programs available to veterans under the Comprehensive Employment and Training Act (CETA) including Help through the Industry Retraining and Employment (HIRE) program which created over 38,000 on-job slots for veterans. Under this program, private sector employers are reimbursed for any extraordinary costs to them of training Vietnam era veterans hired by them. The Secretary of Labor is required by law to take special steps under CETA to maximize the opportunities for Vietnam era veterans and disabled veterans in all programs conducted by prime sponsors such as job training, upgrading and retraining, public service employment, and private sector initiatives. It is estimated that approximately 3 million of these veterans have been served by this program since it commenced in 1973.

Third, there is the Targeted Jobs Tax Credit program authorized in October 1978 by Pub. L. No. 95-600. Employers under this program receive a tax credit of up to $3,000 for hiring individuals who are members of certain targeted groups, including certain low-income Vietnam era veterans.

In our recommendations to the Congress a year ago, embodied in H.R. 3272 and S. 870 (recently included by the Senate in H.R. 5288 in a somewhat differing form), we urged extension of the delimiting date under the GI Bill to permit those veterans who are educationally disadvantaged or who need vocational or job training, an additional 2 years to pursue OJT and apprentice, vocational, and high school training. We believe such a proposal would induce a substantial number of veterans to enroll in these programs and thereby enhance their employment opportunities.

We note that the Senate, in its version of H.R. 5288, has included a provision which would require that all eligible Vietnam era veterans, regardless of the length of time they have been out of service, be covered for at least 2 years by the affirmative action and mandatory listing requirements imposed by law in connection with Federal contracts. Under those requirements, any firm with a contract with the Federal Government involving more than $10,000 must have an approved affirmative action plan for Vietnam era veterans and disabled veterans and is required to list job openings with local employment services which in turn are required to give eligible veterans priority in referral to jobs. (Current law limits the provision to veterans who have been discharged within the prior 48 months.) It is estimated that over 540,000 Vietnam era veterans have been placed in jobs as a result of this provision of law. Broadening of the base would, it is believed, result in more hirings of these veterans.

We would point out that the Department of Labor and the Veterans Administration are working to more closely coordinate efforts to improve the utilization of the on-job training benefits program authorized by section 1787 of title 38, and are also working very closely to coordinate the efforts of the two agencies in conjunction with the Targeted Jobs Tax Credit Program and the Comprehensive Employment and Training Act. Both of these programs are capable in and of themselves of providing appropriate incentives to employers to participate in the VA on-job training program and thus provide needed training for those veterans who have remaining entitlement under the GI Bill. We believe greater efforts at making existing programs work would considerably enhance the job opportunities for veterans.

Based on the problems we have set forth above, including the risk of substantial abuse, it is clear that it is extremely difficult to provide any certainties as to the cost of this proposal.

If there are 200,000 participants each year, it is estimated that the enactment of this proposal would result in additional direct benefits cost of $271,200,000 in the first fiscal year and $579,700,000 over the 3-year period of the program. It is also estimated that the additional administrative cost for the first fiscal year would be approximately $11,622,000 and that such additional cost would total approximately $28,210,000 over the 3-year period.

For the reasons set forth, the Veterans Administration strongly opposes the enactment of H.R. 6327.

The Office of Management and Budget advises that there is no objection to the submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely,

MAX CLELAND
Administrator

There are a large number of witnesses representing national veterans organizations, and educational associations who are also scheduled to testify.

In addition to those commenting on the bills before the subcommittee, these witnesses have been invited to make any comments they may care to make on veterans' education and training programs administered by the Veterans' Administration.

At this time if the gentlelady from Massachusetts would like to make a statement?

Mrs. HECKLER. Last November pollster Lou Harris published a VA-commissioned survey which found that only 30 percent of the American public thinks the Federal Government is doing a good job of assisting veterans, and that only 41 percent says the VA is doing a good job.

This Harris survey also found that while in 1971, 48 percent thought the Vietnam veterans were treated less favorably than veterans of previous wars, today two-thirds, 64 percent, hold that view.

The bill that Congressman Tom Daschle and I have introduced is specifically targeted to assist Vietnam veterans and will be one of the subjects of the hearing today. In particular, those Vietnam veterans who need it the most and the half-million-plus who are chronically unemployed are the targets for this bill.

The Vietnam veteran is now in his mid-thirties, he entered military service as the youngest veteran of any conflict, not yet 20 in most instances. While many Vietnam era veterans have successfully readjusted to civilian life, many have not.

The VA last year recognized readjustment difficulties among Vietnam veterans, estimated at 1.5 million, by proposing the counseling program Congress enacted, which is now going on line. I was in Boston 2 weeks ago to open a community-based center with the Administrator of the Veterans' Administration, and reports coming back to my office indicate that the center is effective, but the counseling team is almost being swamped by young veterans seeking assistance.

Many unemployed Vietnam veterans will never use their GI bill. They will never attend college, nor at age 35, are all of them interested in going to college. Unless we reach this veteran now and provide him with career employment training, he may become permanently unreachable, unable for life to better himself.

When we introduced the bill last October, 400,000 Vietnam veterans were unemployed. Since then 158,000 more have become unemployed. The January unemployment figures are shocking, unemployment among veterans aged 20 to 24 is 18 percent; in the 25 to 29 group it is nearly 10 percent, 9.4 percent. These current percentages indicate how increasingly and how alarmingly serious the persistent problem of unemployment is among our youngest veterans.

Among the groups supporting this legislation are the Vietnam Veterans Council of America, the National Association of Community-Based Veterans Programs, and the Paralyzed Veterans of America. I also note the positive attitude taken when this legislation was proposed by the National Association of State Approving Agencies, which would have a major role in the implementation of this plan.

I would like to say that the Vietnam Veterans in Congress, the organization of which Mr. Bonior is the head, has also endorsed this particular legislation, and I would hope, Mr. Chairman, that as a result of our hearings today, that we could proceed to a markup on this bill and on other bills, so that we can work toward resolving the problems of the Vietnam veterans, and not merely listen to rhetoric about it or discuss it.

Chairman HEFNER. Thank you, Mrs. Heckler. Without objection, I would like to include the following information in the record.

[The following information was received:]

A new Federal program to give tax breaks to employers is expected to provide additional job opportunity for thousands of Vietnam Era veterans and veterans of all eras who have received rehabilitation training for service connected disabilities.

The program is sponsored by the Department of Labor and the Internal Revenue Service and is supported by the Veterans Administration through its regional offices.

It offers employers a targeted jobs tax credit for hiring individuals from seven groups the government is seeking to help. The credit can amount to 50 percent of the first $6,000 in qualified wages paid employees during their first year on the job and 25 percent of the first $6,000 paid the second year.

Eligibles sought by the VA include economically-disadvantaged Vietnam Era veterans under age 35 at the time of hiring and service-disabled veterans who have completed or are receiving VA rehabilitation training.

Tax credit is based generally on wages paid to qualified employees first hired after Sept. 26, 1978, and earned between Jan. 1, 1979, and Dec. 31, 1980.

Applicants who qualify for the tax credit program are given a voucher that explains to prospective employers the individual's eligibility for certification if hired before a certain date. To receive certification, the employer complete the declaration on the voucher and returns it to the local Department of Labor Jobs Service Office.

Individuals who believe they can qualify for the program are urged to contact local state employment offices. Veterans may also receive assistance from VA regional offices in determining eligibility.

Regional office staffs are working with on-the-job training and apprenticeship employers as potential program users.

Chairman HEFNER. We have a series of witnesses, but our first witness today is the Honorable David E. Bonior of Michigan.

Mr. Bonior is a veteran of the Vietnam era conflict having served in the U.S. Air Force from 1968 to 1972. And it's my pleasure at this time to recognize our distinguished colleague from the State of Michigan. Mr. Bonior, your entire statement will be part of the record—you may proceed anyway you see fit.

[Statement follows:]

TESTIMONY OF THE HON. DAVID E. BONIOR, BEFORE THE HOUSE VETERANS AFFAIRS SUBCOMMITTEE ON EDUCATION, TRAINING AND EMPLOYMENT

Mr. Chairman and members of the subcommittee, I would like to thank you for the opportunity to appear before you today to express my support for the legislation under consideration, H.R. 5581, the G.I. Bill of Employment Rights.

As chairman of the Vietnam Veterans in Congress (VVIC) caucus, I have been made acutely aware of the unique problems which continue to face the Vietnam veteran. I am sure none of you need any reminder of the issues of agent orange, delimitation date extension, psychological readjustment or incarcerated veterans. While some of these problems do not come under the jurisdiction of this subcommittee, I bring them up only to further illuminate the total array of problems confronting the veteran. In this regard, I wish to compliment the members of the subcommittee for taking the initiative to tackle one of the largest obstacles facing successful veteran reentry into society and that is meaningful employment.

Mr. Chairman, it is my view that the proposal being discussed today will address the employment problems of Vietnam veterans. It will accomplish this goal through a clear and well-defined program which would utilize a veteran's earned readjustment entitlement to provide solid financial incentives to employers to hire, train and hopefully advance veterans in meaningful and productive careers. Presently, many current readjustment and employment programs are subject to abuse and offer no assurance that Federal resources will be effectively directed to provide meaningful training and job opportunities for those veterans who need it the most. This program would target our limited financial resources to better insure that the veteran is productively employed with training and advancement opportunities before Federal dollars are allocated.

This program will have the private sector assuming the majority of the fiscal responsibility for veteran employment and training. All other veteran readjustment programs have the Federal Government assuming a majority or the entire financial burden of readjustment and training while providing no guarantee of employment.

Existing programs are primarily social welfare programs, such as CETA, Hire, and the targeted tax credit, designed to address serious social welfare problems among disadvantaged youth, the hard-core unemployed, and ex-offenders. Since the employment problems and potentials of these groups are dramatically different from those of Vietnam and disabled veterans, few employment opportunities commensurate with the veterans abilities and aspirations can be developed under these social welfare programs.

Also, allowing the veteran to convert his earned readjustment entitlement into a sound employer incentive will insure the veteran with a meaningful and productive career of his choice. This approach, I feel, is logical and fully compatible with established on-the-job training concepts and the philosophy of veteran readjustment.

Perhaps one of the stronger arguments for this legislation comes from the Bureau of the Census population survey which shows most veterans have attained higher incomes than their nonveteran counterparts. While financial remuneration is only one yardstick of success, I believe this statistic reaffirms the unique employment potentials and attributes of veterans. It also amplifies the need for an employment program equal to the veteran's abilities and aspirations and one which will permit the unemployed and underemployed veteran to pursue the accomplishments their fellow veterans have attained in the labor force.

The proposed program would also be very difficult to abuse and would substantially reduce Federal expenditures which are spent on unemployment compensation, correspondence courses of dubious quality and other training programs which do not lead to employment.

Mr. Chairman, President Carter was very accurate when he noted that "We must recognize that, in far too many cases, the Vietnam veteran has been a victim of governmental insensitivity and neglect. Large bureaucracies of the Federal Government have often been incompetent, inefficient, and unresponsive in their fulfillment of responsibilities to veterans. The poor record of the Government bureaucracy has been especially bad in programs intended to help the veteran find jobs."

Mr. Chairman, we must recognize that this will be one of the last opportunities for a great many Vietnam and disabled veterans to acquire the employment opportunities denied them over the years. It will also be one of the last opportunities we in Congress will have to correct this problem. Thank you!

Mr. BONIOR. Thank you, Mr. Chairman.

It's a pleasure that I can come before you this morning and discuss a piece of legislation that I think has merit, and that I think will be of benefit to the 8.5 million Vietnam veterans in this country.

Let me commend you, Mr. Chairman, first of all for taking the initiative to hold these hearings and attempt to address the problems of the unemployed and the under-employed Vietnam era veterans in this country.

Second, let me give special recognition to the gentlelady from Massachusetts, Mrs. Heckler, and my friend and colleague, Tom Daschle, of

South Dakota, for taking the initiative to sponsor and work for H.R. 5581.

I have a written statement that I have submitted for the record. And, because of your heavy schedule this morning, I would just like to make some brief comments about the bill, H.R. 5581, that is sponsored by the two colleagues I just mentioned.

It seems to me, Mr. Chairman, that you are going to hear, perhaps, a little later today—and you probably already have heard from the Veterans' Administration—figures that say, well, veterans of the Vietnam era are really employed to a larger percentage than their peer counterparts who did not serve. They are going to show you some figures and statistics to prove that and show you how proud they are of the fact that the Vietnam-era veterans have received employment in this country.

I suspect one should take some pride in the fact that, in terms of peer group equivalency, the Vietnam-era veterans have done relatively well. But it seems to me that those people who decided to take 2 or 3 or 4 years out of their life to serve their country ought not to be doing just comparatively well with their peer groups, they ought to be doing much better, because they have given something to this country. They have given something very tangible, often their lives and their limbs, whereas their peer groups often did not. So, when you hear those statistics later on in your testimony, or if you come across them from the people who will testify, I hope you will keep that in mind.

I remember several years ago, we, as a group of Vietnam veterans in the Congress, received some very interesting statistics which indicated, basically, that Vietnam veterans not only had a severe unemployment problem, but a very severe underemployment problem.

In the Presidential Review Memorandum of 1977, it was disclosed that 21 percent of all Vietnam-era veterans were earning $7,000 a year or less. There are figures that have gone around this Government and across this Nation that indicate that only 3 million of the roughly 9 million Vietnam-era veterans earn less than $9,000 a year.

I like this bill that has been submitted by the gentlelady from Massachusetts and Mr. Daschle from South Dakota because it utilizes the private sector, and it utilizes the private sector in a way in which people in business are going to participate.

We're not going to have the problems that we had with the HIRE I program, the National Alliance of Businessmen, where they just didn't want to get involved in all the paperwork and all the hassle that they had to get from the Federal Government.

The direct incentive bill—and I think that's one of its main features and a feature that will attract it to the private sector—also, I think the current unemployment statistics for veterans has to be looked at in the light that we are moving slowly, slowly toward a serious recession in this country.

Now, people are going to suggest to you, in criticizing this piece of legislation, that the costs are too high. CBO has estimated that the costs will be about $60 million the first year, $400 million the second year, and somewhere in between the above two mentioned figures in the third year. But I would suggest to you that if we can afford to spend $52 billion a year at the height of the war to carry on that war, we can afford the figures that have been suggested by the Congressional Budget Office.

When you consider those figures, I think it's also important to understand that those figures are going to be offset by the fact that people are going to be working, they are going to be paying taxes, they are going to be productive, they are going to be taken off the unemployment compensation rolls, the welfare rolls, and whatever other dole system they are operating under.

And, third, it's important to understand that they become productive citizens. The psychological and sociological and socioeconomical ramifications of that are very significant.

Mrs. Heckler mentioned in her opening statement that, according to a poll that was done recently, 66 percent, I believe, 66 percent of the American people don't believe that the Vietnam-era veterans have been treated as well as veterans of previous wars. That's up from 44 or 48 percent years ago.

I think that we, as a Congress, we, as people who have sent these young men and women to fight in a far country, must extend our full cooperation and help in this hour of need. It is their hour of need. They are people who are in their mid-thirties. They don't have a heck of a long time to go before their career situation is set in concrete, where they can't move into different careers. Many of them have used up their eligibility for the GI bill and are looking for an opportunity to use those benefits for employment training.

I would hope, Mr. Chairman, that this subcommittee would look favorably upon the legislation, lest the Vietnam veterans of this country become the ultimate casualties of this war.

I thank you for the opportunity to come before you this morning and testify.

Chairman **Hefner**. Thank you, Mr. Bonior.

To move along and try to get as much as we can get done this morning, I will waive my time, and I will recognize the gentleman, Mr. Daschle.

Mr. **Daschle**. Thank you, Mr. Chairman.

I have no questions, except to commend you, Mr. Bonior, for your statement.

I think that many of the things that you reiterated are those that are utmost in my mind. The fact that we are utilizing the private sector is a very important aspect of this legislation.

The fact that we're talking about 50 percent unemployment rates for disabled, and grossly high underemployment rates for the other veterans, are extremely important factors in the consideration of this legislation.

I think you very adequately pointed out the need for the bill, and I thank you for testifying this morning.

Chairman **Hefner**. Mrs. Heckler?

Mrs. **Heckler**. I have no questions.

I would also like to congratulate my colleague. I feel that his leadership in the Vietnam Veterans in Congress has been extremely valuable. He's championing a very important cause and I'm very impressed with his willingness to be supportive, to appear, and to advocate this cause on all occasions. I certainly want to work with you closely.

Mr. Bonior. Thank you.

Chairman Hefner. Mr. Sawyer?

Mr. Sawyer. I have no questions, either, Mr. Chairman. I want to thank my colleague from Michigan for taking the time to come here for this cause. Thank you.

Chairman Hefner. Mr. Grisham?

Mr. Grisham. No; thank you

Chairman Hefner. Thank you for being with us, Mr. Bonior.

Mr. Bonior. Thank you for the opportunity.

Chairman Hefner. Our next witness was to be the Honorable Lester Wolff, but Mr. Wolff is tied up, I understand, with other committee meetings. So, we will have from the Veterans' Administration, Mr. Guy H. McMichael, the General Counsel for the Veterans' Administration.

Mr. McMichael?

Without objection, your entire statement will be made part of the record, and you may proceed. We are happy to have you before our subcommittee this morning.

[The statement follows:]

STATEMENT OF GUY H. McMICHAEL III, GENERAL COUNSEL, VETERANS ADMINISTRATION

Mr. Chairman and Members of the Subcommittee, I am pleased to have this opportunity of appearing before you today to discuss various legislative proposals presently pending before your Committee on which you have requested our views. These measures are: H.R. 5581, H.R. 6165, H.R. 6166, H.R. 6167, H.R. 6168, and H.R. 6327, 96th Congress. These bills each propose to amend or extend the provisions of title 38, United States Code, as to educational assistance and employment assistance under the GI Bill.

The first measure I would like to discuss today is H.R. 5581. This bill represents an entirely new and novel jobs program designed to be added to the existing provisions of title 38.

The proposal would create two new categories of benefit programs: A career development and advancement program and a career development and training program. Those eligible under the two programs would be veterans who served between August 4, 1964, and January 1, 1977; the normal 10-year eligibility period now provided in the law would be "waived" for the purpose of the overall program; and veterans would only be required to have unused remaining entitlement under the GI Bill educational assistance program. Maximum benefits would vary according to the four categories of these veterans: (1) 18 months of benefits for those veterans determined, after counseling, to have "serious rehabilitation, readjustment, or employment problems"; (2) 12 months of benefits for those veterans who are disabled; (3) 9 months of benefits for those veterans who served in the Indochina theater of operations or Korea during the Vietnam era; and (4) 6 months of benefits for all other eligible veterans who do not come within the first three categories. The program would become effective March 1, 1980, for those veterans in the first three categories and October 1, 1980, for all others.

The program would permit Vietnam era veterans to utilize their GI Bill educational entitlement to pay employers a "subsidy" to train them. The amount of the subsidy would depend on whether the program pursued would be a training or a career development and advancement program. Under the career development and advancement program the subsidy could be as much as one-third of the veteran's wages whereas under the training program the VA would pay the employer for the cost of the training and subsidize up to 50 percent of the individual's training and wages, but not more than twice the annual increase in gross wages and benefits due to the program. Payments would be made directly to the employer—not to the veteran. Eligibility would be limited to those veterans whose annual incomes do not exceed $13,000.

The Veterans Administration is strongly opposed to the enactment of H.R. 5581. Contrary to its expressed intention of addressing employment problems of Vietnam era veterans, enactment of this measure would result in a vague, ill-defined program which would convert veteran educational entitlements into substantial employer subsidies at considerable cost to the taxpayer. These subsidies would be highly subject to abuse and there is no assurance that the Federal resources expended would be effectively directed to providing meaningful training and job training opportunities for those veterans who need them.

Mr. Chairman, in our formal report to your Committee on H.R. 5581 we have detailed the numerous problems which we have with this bill. I would, at this point, merely summarize our principal objections and bring to your attention certain data we believe to be pertinent.

First, we believe that the measure would simply layer a new program on top of available programs that are in place and working. No justification is advanced to indicate why existing programs should not be utilized or, if appropriate, be strengthened. Nor is there any evidence adduced to show that this program could deal with veteran employment problems more effectively than those currently available.

Second, the proposed program would, in our opinion and in the opinion of the Inspector General of this agency, be ripe for abuse and likely to produce substantial wasted taxpayer expenditures which, in turn, would require greatly expanded bureaucracy and Government regulation.

Third, the conversion of a educational assistance allowance which is based on educational and subsistence expenses of veterans into a direct employer subsidy is illogical, unprecedented, and contrary to established on-job training assistance programs for veterans.

Fourth, ignoring the basic purpose for readjustment assistance, the measure would provide for a general across-the-board extension of the delimiting date for veterans, something which Congress in recent years has consistently refused to do.

Fifth, we have a number of serious reservations about the language of many of the provisions of the bill, which are vague, contradictory, and at times incomprehensible.

The Inspector General, who reviews legislative proposals in accordance with Pub. L. No. 95–452, has concluded that H.R. 5581 would be "particularly vulnerable to program fraud and abuse by employers acting alone or in collusion with eligibile veteran employees." He has further noted that "Government administration of such a program would be labor intensive and relatively expensive."

In dealing with programs of assistance for Vietnam era veterans, we believe it is useful to place their employment problems in perspective. Data from the Bureau of Labor Statistics show that Vietnam era veterans, as they get older and as they benefit from education and training, do not differ greatly from their nonveteran peers: "In many respects veterans are on an equal or better footing in the labor market than nonveterans; a higher proportion of their population is employed and they have higher annual income." (Monthly Labor Review, Nov. 1979, p. 11.)

Unemployment rates for Vietnam era veterans age 20–34 have gone from a high of 9.3 percent for 1975 to 5.1 percent for 1978 and 4.8 percent for 1979. The seasonally adjusted unemployment rate that most closely corresponds to the average age of Vietnam era veterans (30–34) today stands at 3.2 percent compared to 3.3 percent for their nonveteran peers (as of January 1980).

Black veteran unemployment was 7.6 percent in third quarter 1979, down from 11.2 percent a year ago. Hispanic veteran unemployment in third quarter 1979 was 5.1 percent compared to 6.8 percent a year ago. While minority Vietnam era veterans experienced greater unemployment problems than other veterans, they nevertheless have an unemployment rate lower than their nonveteran minority peers.

In the aggregate, VEVs individually and as members of a family unit have higher incomes than their nonveteran counterparts. Bureau of Census Current Population Survey (CPS) data reveal that VEVs age 20–39 had median personal money incomes of $14,690 during calendar year 1978, as compared to $10,826 median income for similarly aged nonveterans. Families headed by male VEVs age 20–39 also had higher median incomes ($19,906) than those headed by male nonveterans ($18,650) in 1978. These same statistics disclose that, in comparison with their nonveteran peers, there were proportionately fewer VEVs with personal incomes of less than $7,000 (15.5 percent vs. 31 percent) and proportionately more who were in the $10,000–$20,000 or higher income brackets (73.9

percent vs. 54.4 percent). The same holds true when comparisons are made by family income.

An integral part of H.R. 5581 is predicated upon the assumption that Vietnam era veterans who served in Vietnam or Korea suffer greater employment problems than other Vietnam era veterans. We are unaware of any data upon which to support such a conclusion. Dr. Robert S. Laufer, principal investigator of the Vietnam era veteran research project for the Center for Policy Research, confirmed this lack of data when he testified before the Senate Committee on Veterans' Affairs on February 21 that "questions of differences between patterns of readjustment among Vietnam or Vietnam era veterans . . . is something we cannot answer at the moment."

In this connection, it should also be noted that in justifying special assistance for those who served in Vietnam, the sponsors of similar measures have pointed to what have been relatively higher unemployment rates for Vietnam era veterans aged 20–24. This ignores the fact that the average VEV is 33, that there are only 539,000 veterans (6 percent of the total VEVs) in that age bracket, and that few if any of those actually served in Vietnam.

Many veterans, of course, continue to have significant employment problems as recognized in the Presidential Review Memorandum. Although the Bureau of Labor Statistics does not develop unemployment rates for disabled veterans, unemployment for these veterans is believed to be significant. Consequently, extensive efforts have been underway to improve Federal efforts to aid disabled veterans including the Disabled Veteran Outreach program, the Targeted Jobs Tax Credit, and the comprehensive legislative revision of VA's Disabled Veterans Vocational Rehabilitation program which was introduced in the House as H.R. 4117 at our request.

Also, as the PRM noted, there continue to be employment problems with certain minority and educationally disadvantaged veterans. We believe, however, that existing programs are a proper way to proceed rather than enacting a new jobs program overlaid on ongoing programs.

We would suggest certain alternatives, some of which are already being used and some of which are under consideration. On balance, we believe these alternatives provide less likelihood for abuse and more likelihood for providing meaningful employment for veterans.

First, the current GI Bill (38 U.S.C. § 1787) provides for a program of on-job and apprentice training opportunities for eligible veterans. A married veteran training under this program who has two dependents may be paid a training ssistance allowance by the VA of $277 per month in addition to the salary the veteran receives from the employer. The assistance allowance is available over a 2-year period with the basic allowance declining each 6 months during the vetern's employment and with the salary being paid the veteran increasing as he or she attains more experience. More than 500,000 Vietnam era veterans have participated in this program since the enactment of Public Law No. 90–77. In Fiscal Year 1979, approximately 84,000 veterans received benefits under this program.

Second, there are a variety of programs available to veterans under the Comprehensive Employment and Training Act (CETA) including Help through the Industry Retraining and Employment (HIRE) program which created over 38,000 on-job slots for veterans. Under this program, private sector employers are reimbursed for any extraordinary costs to them of training Vietnam era veterans hired by them. The Secretary of Labor is required by law to take special steps under CETA to maximize the opportunities for Vietnam era veterans and disabled veterans in all programs conducted by prime sponsors such as job training, upgrading and retraining, public service employment, and private sector initiatives. It is estimated that approximately 3 million of these veterans have been served by this program since it commenced in 1973.

Third, there is the Targeted Jobs Tax Credit program authorized in October 1978 by Public Law No. 95–600. Employers under this program receive a tax credit of up to $3,000 for hiring individuals who are members of certain targeted groups, including certain low-income Vietnam era veterans.

In our recommendations to the Congress a year ago, embodied in H.R. 3272 and S. 870 (recently included by the Senate in H.R. 5288 in a somewhat differing form), we urged extension of the delimiting date under the GI Bill to permit those veterans who are educationally disadvantaged or who need vocational or job training, an additional 2 years to pursue OJT and apprentice, vocational, and high school training. We believe such a proposal would induce a substantial number of veterans to enroll in these programs and thereby enhance their employment opportunities.

We note that the Senate, in its version of H.R. 5288, has included a provision which would require that all eligible Vietnam era veterans, regardless of the length of time they have been out of service, be covered for at least 2 years by the affirmative action and mandatory listing requirements imposed by law in connection with Federal contracts. Under those requirements, any firm with a contract with the Federal Government involving more than $10,000 must have an approved affirmative action plan for Vietnam era veterans and disabled veterans and is required to list job openings with local employment services which in turn are required to give eligible veterans priority in referral to jobs. (Current law limits the provision to veterans who have been discharged within the prior 48 months.) It is estimated that over 540,000 Vietnam era veterans have been placed in jobs as a result of this provision of law. Broadening of the base would, it is believed, result in more hirings of these veterans.

We would point out that the Department of Labor and the Veterans Administration are working to more closely coordinate efforts to improve the utilization of the on-job training benefits program authorized by section 1787 of title 38, and are also working very closely to coordinate the efforts of the two agencies in conjunction with the Targeted Jobs Tax Credit Program and the Comprehensive Employment and Training Act. Both of these programs are capable in and of themselves of providing appropriate incentives to employers to participate in the VA on-job training program and thus provide needed training for those veterans who have remaining entitlement under the GI Bill. We believe greater efforts at making existing programs work would considerably enhance the job opportunities for veterans.

Mr. Chairman, we believe it is clear that enactment of H.R. 5581 could result in substantial cost, especially because of the opportunity for abuse. Our cost estimates are contained in our formal report to your Committee.

For all of the reasons we have set forth, the Veterans Administration strongly opposes the enactment of this measure.

The next bill on which you requested our views is H.R. 6327, a bill to provide payments to employers of Vietnam veterans for periods not to exceed 12 months. Only those veterans who served on active duty for more than 180 days during the Vietnam era and who were discharged under other than dishonorable conditions (or who served during the Vietnam era and were discharged because of a service-connected disability) would qualify.

The job must provide significant training opportunities as determined by the VA and the salary must not exceed $11,000 per year. The veteran would have to apply to the VA for a job voucher, which he or she would take to the employer. The employer would redeem the voucher at the VA. The amount of the payments made would be the same as the amount paid for a veteran with no dependents by the VA during the first and second 6-month payment periods under the current VA OJT program authorized by section 1787 of title 38.

The employer would not be eligible for a payment from the VA under this program if the employer had received a Targeted Jobs Tax Credit under laws administered by the Internal Revenue Service. The law would bar the employer from receiving a second payment for the same veteran, when the veteran had already used 9 months of benefits for employment by the same employer, until the veteran had worked an additional 9 months for that employer. Although the provision is somewhat ambiguous, it would appear that the veteran could then receive up to 3 additional months of benefits through the employer. In addition, the job must provide "significant training opportunities" as determined by VA regulations. The program would begin on October 1, 1980, and would terminate on September 30, 1983.

Mr. Chairman, our objections to this measure are, in the main, similar to those we detailed earlier in setting forth our opposition to H.R. 5581 and are spelled out in detail in our formal report to your Committee. Simply stated, we believe:

First, this bill would also attack the jobs problem from the wrong standpoint since it would merely layer a new program on top of programs that are already in place and working.

Second, the proposal makes an erroneous assumption that veterans are grossly disadvantaged in the job market.

Third, the program is one which could be rife with abuse.

Fourth, we have serious reservations about some of the language of some of the provisions of the bill (set forth in detail in our report to your Committee).

As we pointed out in our discussion of H.R. 5581, we believe there are a number of alternatives which should be considered. These are equally applicable to H.R. 6327. Thus, we are equally opposed to this bill.

A third bill presently pending before you is H.R. 6167. This measure would require that an educational institution certifying a veteran's need for tutorial assistance, authorized by section 1692 of title 38, also certify that the tutor selected is not the veteran's parent, spouse, brother, or sister.

The purpose of providing tutorial assistance to the veteran is to permit him or her to meet the financial obligations incurred for necessary tutorial services. Veterans Administration audits have revealed several instances where the tutors selected to provide assistance have been the veterans' wives and husbands. In one case, a veteran's wife (herself a veteran) tutored her husband at the same time she was receiving tutorial assistance for the same course.

The personal services of a close family member generally do not constitute a legal monetary obligation. Thus, the payment of tutorial assistance under these circumstances is tantamount to supplementing the income of the veteran's family. We believe the measure would serve to discourage abuses of the tutorial program and for that reason we support enactment of H.R. 6167.

A further bill you have before you is H.R. 6165. This measure is designed to allow those veterans who entered active service commencing prior to January 1, 1977, served less than 181 days before their discharge, and who reentered service after such date, to have eligibility under the contributory education program established under chapter 32. Under current law, eligibility to participate in the latter program is limited to those who initially enter military service on or after January 1, 1977. Thus, individuals who first serve on active duty prior to that date, but do not have the requisite 181 days of active duty service prior to their discharge or release, and reenter service after January 1, 1977, do not have entitlement under either the chapter 34 (GI Bill) program or the contributory program. The bill is designed to correct this inequity.

We believe it may be possible to interpret the language in H.R. 6165 to provide eligibility to persons who initially serve on active duty for 180 days or less on or after January 1, 1977. Such an interpretation would be contrary to the provisions of section 1602(1)(A)(i) of title 38. We would suggest, therefore, that the bill be modified to assure that service on active duty after January 1, 1977. for at least 181 days is still required where the individual initially enters or reenters service on or after such date (except where the individual incurs a service-connected disability and is discharged or released for that reason prior to serving the required 181 days).

The next bill on which I would like to comment is H.R. 6166. This measure would amend section 1624 of title 38 to provide that, upon the death of a participant in the contributory education program authorized by chapter 32, the amount of his or her unused contributions shall be paid according to a specified order of precedence.

Under current law, if a participant dies, the amount of his or her unused contributions to the chapter 32 fund is paid to the beneficiary or beneficiaries designated by such participant under his or her Servicemen's Group Life Insurance policy, or to the participant's estate if no beneficiary has been designated under such policy or the participant is not insured under the SGLI program.

We have encountered a problem in the effective administration of this provision of the chapter 32 program. We have found that in some States the cost to the veteran's heirs in creating a legal estate to which we can pay the remaining balance (in some cases as little as $50) is prohibitively high. In addition, the time involved in processing the matter through formal estate administration presents a burden to the claimants.

The proposed change would provide that the refund can be paid by the Veterans Administration to the SGLI beneficiary or, if no beneficiary has been designated under such a policy or the participant is not insured under that program, then in a descending order of precedence to the surviving spouse, child or children, parents or survivor of them, the duly appointed executor or administrator of the estate of the participant, or if none of these, then to other next of kin of the participant entitled under the laws of domicile of such participant at the time of death. We believe such a distribution would result in elimination of potential high administration costs and thereby aid the program.

We believe that this measure would greatly assist in the administration of the chapter 32 program and we favor its enactment.

The final measure on which you requested our views is H.R. 6168, a bill which would provide a 15 percent rate increase for chapters 34, 35, and 36, our veterans' and dependents' educational programs.

Because of the Presidentially directed review of the budget currently underway within the Federal Government, we are unable to take a position on this proposal. We hope this matter will be clarified within the next 2 weeks at which time we intend to submit our comments.

Mr. Chairman, that concludes my formal presentation. I shall be glad to answer any questions which you or members of the Subcommittee may have.

STATEMENT OF GUY H. McMICHAEL III, GENERAL COUNSEL, VETERANS ADMINISTRATION

Mr. McMICHAEL. Thank you, Mr. Chairman.

I'll attempt to summarize, so we can move along. I know you have a number of witnesses with you.

I would just like to introduce C. L. Dollarhide, who is acting head of our Education and Rehabilitation Service to my left; James Kane, Assistant General Counsel.

There are a number of people in the audience, including Dr. Jack Ewalt, Mental Health Service, who are available to provide information which I may not be able to do.

There are six bills that we are testifying on today, H.R. 5581 and H.R. 6327, both providing new employment assistance programs. We have three essentially technical bills: H.R. 6167 dealing with the payment of tutorial allowances; H.R. 6165 dealing with eligibility for chapter 32 benefits; and H.R. 6166 dealing with disposition of unused chapter 32 contributions, all of which we support in the main.

And finally a 15-percent rate increase provided for in H.R. 6168, which we have been unable to prepare a report on, which I will direct my attention to later.

Mr. Chairman, let me just give you a personal glimpse, if I may, of some of the budget exercises we have been going through the last week. These are very difficult budget review exercises directed by the President, in which all Federal agencies have been participating.

It's been a painful process, one in which we've been asked to find further cuts, in a budget that we thought had no fat in it.

If the President and Congress are serious about balancing the budget for fiscal year 1981, we're talking cuts somewhere in the neighborhood of between $20 and $25 billion from the budget that was submitted by the President in January.

These, obviously, call for difficult, painful choices and ones which have proved very, very difficult for us at the Veterans' Administration.

I was walking out of one of those meetings over the weekend and someone turned to me and said, "You know, wouldn't it be great to be back in the early days of the Great Society, when they just announced a new program every month?"

But, we are living in different times today, and very, very difficult times. When we see problems there is the very natural temptation to want to create new programs to deal with those problems.

Unfortunately, we don't have the resources today to announce new programs. We have to define more clearly what the actual problem is.

We have to target more clearly our efforts and we have to work in the somewhat unglamorous area of making existing programs work better. And, clearly existing programs can be made to work better.

None of these budget exercises, however, are easy, nor particularly fun.

With respect to the two employer subsidy programs that have been proposed, I want to emphasize that we sympathize with and associate ourselves with the general thrust of trying to aid veterans who have unemployment problems. Indeed, the thrust of our Presidential Review Memorandum was an attempt to distinguish between those who did have serious problems and those who did not, and to focus more clearly existing Government resources toward those who have problems.

I know that is the intent of the sponsors of the legislation that is before you.

Unfortunately, we do not believe that this program is sufficiently well-defined. We believe that the subsidies would be highly subject to abuse and that there are no assurances that the resources would, in fact, be effectively directed toward providing meaningful assistance, training and job opportunities, as the sponsors desire.

First: We believe the measure would simply layer a new program on top of available programs that are in place. No justification is advanced to indicate why existing programs should not be utilized or, if appropriate, be strengthened.

Second: We think this program, and this particularly is the opinion of our Inspector General, would be ripe for abuse. I know that's not the intent of the sponsors, but we think the effect of this program might be to produce substantial waste of taxpayer expenditures. And, this in turn would require greatly expanded bureaucracy to implement Government regulation.

Third: The conversion of an educational assistance allowance, which is based on the educational and subsistence expenses of veterans, into a direct employer subsidy is unprecedented an contrary to the established on-job-training assistance programs for veterans that are currently on the books.

Fourth: The bill would provide a general, across-the-board extension of the delimiting date. Again, we don't think that targets the assistance toward those who need it. And this has been something that Congress has consistently refused to do in recent years.

I think it is important to place the employment problems of veterans in perspective. Data from the Bureau of Labor Statistics show that the Vietnam-era veterans, as they get older and as they benefit from education and training, do not differ greatly from the non-veteran peers.

In many respects, veterans are on an equal or better footing in the labor market than nonveterans. A higher proportion of their population is employed and they have higher annual incomes.

We have statistics indicating that the seasonally adjusted unemployment rate that most closely corresponds to the average age of the Vietnam-era veteran—that is between 30 and 34—stands today at 3.2 percent.

I would also point out that information from the Bureau of Census current population survey indicates that in the aggregate Vietnam-era veterans individually, and as members of family units, have higher incomes than their nonveteran counterparts.

It's important to note that there are proportionately fewer Vietnam-era veterans with personal incomes of less than $7,000 than their nonveteran peers—15.5 percent, versus 31 percent.

And there are proportionately more who are in the $10,000 to $20,000 or higher income bracket—73.9 percent, versus 54.4 percent. The same holds true when comparisons are made by family income.

Mr. Chairman, while we can point with some degree of pride to the general employment situation of Vietnam-era veterans, we know that there are veterans who do have problems. The focus and the thrust of our Presidential Review Memorandum was to try to target in on those who have problems.

As you know, we think that employment for disabled veterans continues to be significant. For that reason we have had the disabled veteran outreach program, the Targeted Jobs Tax Credit and comprehensive legislative revision of the VA's disabled veterans' vocational rehabilitation program which has been passed by the House, and for which we are very thankful.

Certainly no one would suggest—and least of all the Administration—that existing programs cannot be made to work better. We would like to see a greater emphasis placed on the VA on-job training program. We think certain linkages could be made with the targeted jobs tax credit program, and that it could be made to work more effectively.

We think both CETA and HIRE can be used more effectively. And as you know, we made recommendations last year with respect to the extension of the delimiting date for on-job training. The Department of Labor and the Veterans' Administration are working to coordinate their efforts more closely. And I believe we can do more than that in that area.

So, that is the thrust of our position. We would like to see existing programs work better and avoid abuses that might unintentionally result from the enactment of these proposals.

H.R. 6327 would provide—again, it's another variation of the subsidy program and our views generally hold with respect to that.

H.R. 6167 would provide that tutorial assistance would not be payable if the tutor was the veteran's parents, spouse, brother, or sister. We think that eliminates a potential abuse.

H.R. 6165 corrects a technical problem which would enable certain veterans to participate in chapter 32 who are not currently eligible.

H.R. 6166 deals with the distribution of unused chapter 32 proceeds. We support that.

And the final bill, H.R. 6168, would provide for a 15-percent rate increase.

As I mentioned at the opening of my statement, Mr. Chairman, we are undergoing a Presidentially directed review of the budget. And we simply are not in a position today to tell you what our position would be with respect to GI bill increases. These are very painful choices that we are facing. We don't know what the eventual outcome will be. We hope that we will have a clearly defined position available for you within 2 weeks.

That concludes my statement. I will be happy to respond to any questions you have.

Chairman **Hefner.** Thank you, Mr. McMichael.

As I understand your statement, the Veterans' Administration is totally opposed to H.R. 5581 and H.R. 6327 for the reasons that you outlined in your statement.

There's some discrepancy—I don't know where the figures come from—Mr. Bonior estimated the first year, I believe, to be $60 million or somewhere in that area, and then less than one-half billion the second year. Your estimation is $167 million the first year and $653 million the second year, and at the end of 5 years, almost $1½ billion. Where does the discrepancy come from?

Mr. **McMichael.** Well, I think it is the basic problem of trying to define what expenses will be in an untried program, and one in which we think a considerable amount of abuse is possible.

We simply don't know—it's very, very difficult to arrive at estimates. Our people tried to do the best possible job. We would be happy to supply our methodology and we would be happy to consult with CBO in this respect.

But the bottom line is when you don't have a program that has been in operation, and you have one that is capable of being abused, it's very difficult to come up with accurate cost estimates.

We can with somewhat greater accuracy predict costs on existing programs where we know what usage patterns are. So when we are talking about rate increases; for example, we can provide you with somewhat more accurate cost estimates. When we are dealng with new programs it's very, very difficult to cost.

Chairman **Hefner.** I think it would be a help to the subcommittee, or for the record, if you could talk with the two parties and see if you could reconcile their figures and yours. We could then have a better perspective.

Mr. **McMichael.** We would be pleased to do that.

We find that when we do consult with the Congressional Budget Office, oftentimes it's useful for both of us to get our assumptions, what we are assuming, we spell these things out. And I think both of us end up with better cost estimates. So, we would be happy to do that, Mr. Chairman.

Mr. **Daschle.** Mr. Chairman, would you yield for just a minute? I want to clarify this because I think it would be good to get it right now. We asked the CBO on both bills, H.R. 5581 and H.R. 6327, and here are the figures that they have given us. In H.R. 6327, according to CBO, the first year's cost is $52 million; the second year $76 million; the third year $30 million.

On H.R. 5581, which is a more expansive program, the first year's cost, according to CBO is $60 million; the second year $400 million and the third year they could not project. So, those are the figures from the CBO.

I thank the gentleman for yielding.

Chairman **Hefner.** Well, if you could do that for us, I think that would be of some help to us.

At this time I have no other questions. I yield to the gentlelady from Massachusetts, Mrs. Heckler.

Mrs. Heckler. I would like to say for the record that our figures, as you know, were provided by the Congressional Budget Office, so we would assume that their assumptions are correct, because the whole Congress relies on their assumptions for virtually every program. How there could be such a vast discrepancy escapes my understanding. I would like to know myself and I would like to see that reconciliation.

Certainly, there are problems with the budget, we all know that. These are difficult times, but the question is should the Vietnam veteran bear the brunt of the budget problems or the budget constrictions, or should the problems and the sacrifices be borne more equally and are there other alternatives to the employment programs? In fact, we have no really effective employment program for Vietnam-era veterans. That is really the crux of the problem.

Your statement Mr. McMichael, indicates that you think that there's no justification for this new program because there are existing programs. However, last year the Chief Benefits Director, Dorothy Starbuck, testified before this subcommittee that participation in the on-the-job program has been disappointingly low. In fact, there were only 20,000 participants and 1 million disabled veterans alone were eligible.

She further testified that as unemployment has increased in recent years among Vietnam veterans, the trainees under the on-the-job training programs have fallen off. She said that a financial incentive is necessary to encourage employers to hire and train unemployed Vietnam veterans.

Now, this bill is a complete and accurate response to her testimony. Where are we going to get the incentive for employers if she, who has had this intimate experience with the failure of the on-the-job training program, recommends an incentive for employers, how is the incentive going to be provided?

Now, certainly every program is subject to abuse, but look at the overpayments abuse that we've had in educational programs and the hundreds of millions of dollars of abuse. Suddenly we are now worried about abuse in the job training program, when, in fact, there is no employment program that really is working for the Vietnam-era veteran.

Now, how would you respond to your own Chief Benefits Director's testimony of just last year about the participation in the on-the-job training program?

Mr. McMichael. Well, you made a number of interesting points, and I would like to try to respond.

First, I want to indicate that we are worried about abuse in our existing programs, as is this Committee. And we are working very hard to try to reduce that abuse, as you know. And we're very thankful for the legislative authority that you have provided us to try to deal with that problem.

We hope that the Senate and the House are able to reconcile their differences so that we will be able to proceed further to reduce abuses in those programs.

Certainly, there has been reduced participation in on-the-job training. I think in part because of the change in participation in the GI bill in general. Many more people are participating in college training now than they did in either World War II or even after the Korean war.

148

So, what you see is a phenomenon in general, of society and of our veterans making greater use of college-level training.

Participation under the current GI bill, which includes OJT and college-level training, as you know, is 65 percent, which vastly exceeds the Korean war or World War II rates.

Clearly, participation by disabled veterans under chapter 31 has been low, in part, I think, because the rates and the available benefits are simply higher for the veterans under chapter 34. This often provides an incentive to participate in the program that provides the higher monthly benefits.

As you know, our vocational rehabilitation proposal would allow disabled veterans to participate in a chapter 31 program, but receive the higher rates payable under chapter 34.

Certainly, our effort to extend the delimiting date with respect to on-job training program indicates that we think greater use can be made of it.

With respect to incentives, the targeted job tax credit is one program that can be used in conjunction with the VA on-job training program. It cannot be used with certain other Government programs, but it can be used in conjunction with the on-job training program.

We believe—again, it's easier to come to these things conceptually than it is to work them out in an effective manner—that if we link together the VA on-the-job training program and the targeted jobs tax credit more effectively we can make that a viable program.

And that's sort of the route we would like to go.

Mrs. **Heckler.** I would like to ask how long you intend to take in pursuing this route? If only 20,000 veterans, out of that vast body of eligible veterans, only 20,000 participate in the on-the-job training program, that program isn't even stumbling along, it hardly exists in real terms.

Mr. **McMichael.** Well, clearly, we can do better, Mrs. Heckler. But I think it is important to focus on those who continue to have the unemployment problems.

In general, veterans in the aggregate are doing pretty well, so we're now down to, not a vast program with vast numbers of people who are unemployed, but to those who continue to have persistent unemployment problems. Oftentimes they are very hard to reach.

Our readjustment counseling program, which brings us into contact with veterans, includes a significant number who are experiencing employment problems. We hope that when they come into that office in Boston, that we will be able to refer them to appropriate job assistance.

Mrs. **Heckler.** But that's the very reason that your 65 percent participation rate in college training is irrelevant to a group of veterans that we're talking about, because these are not veterans inclined to go to college.

Mr. **McMichael.** That's right.

Mrs. **Heckler.** These are, indeed, the hard core unemployed who are in every statistical analysis and a persistent problem. They are the people we're not reaching at all.

And I would like to know what, since your Chief Benefits Director has testified that a financial incentive is necessary, what reason have you to believe that the tax credit incentive will be adequate, where nothing else has worked?

Mr. **McMichael.** Well, we presume that Congress knew what it was doing when it enacted it. And we hope that Congress was right about that.

And we think when used in conjunction with the VA on-job training program, the only other Federal Government on-job training program for which the tax credit can be also used, that it will prove to be effective.

Mrs. **Heckler.** I don't see any reason to believe that that will have that kind of dramatic effect. Possibly the VA will change its perspective when the results of the counseling program in the storefront centers, such as Boston and others, report back that there are virtually no answers out there.

The problems are now being identified, but the answers are not forthcoming. There has to be a way to deal with these hard core unemployed Vietnam veterans, and I don't see that we're doing it yet.

Mr. **McMichael.** I think we both agree on the objective: the question is how are we going to accomplish it.

I understand your thoughts on the matter. We would hope our proposals and our increased efforts accomplish the objective.

Clearly. we will continue to review our programs to see if they work. I think the one thing that we would probably agree upon is that those that we are now dealing with, who have employment problems, are the very, very difficult cases. And it presents the traditional problems we have had with the hard to employ. It's not going to be a fast, easy road.

Mrs. **Heckler.** Well, I would say that is true, I do agree with you, these are the most difficult, persistent cases, the most desperate cases. I also believe there's no response coming from the Veterans' Administration on the subject.

Mr. **McMichael.** I would respectfully disagree.

Chairman **Hefner.** Thank you.

I know it's very frustrating. We've had hearings in New Jersey, in Atlanta, Ga., and in California, and we talked to people all across the country. We've asked how do we identify these people, how do we get them to come in? How do we get them to participate in the existing programs?

I must admit, I don't know how we do it. And I don't know if this particular legislation were enacted, that it would solve the problem.

There seems to be some hangup that we have, or some problems that we just can't breach, for some reason or other. And I don't know—I'm completely frustrated about it, but hopefully we can make some strides in this area.

At this time I have no further questions. I yield to the gentleman, Mr. Daschle.

Mr. **Daschle.** Thank you, Mr. Chairman.

There's another frustration I want to underscore the importance of. We were all interested in balancing the budget this year and we are all interested in eliminating the wasteful abuses of programs that we've seen promulgated in the past. I think that's exactly what Ms. Heckler and I are after, and what all of us are after. I think that's one of the points of this whole program—to try to deal with the fact that in the last 10 years we have had difficulties handling some of these programs. I think all we have to do is look at the facts, and the facts are that we have had tremendous abuse in the CETA program.

We've had tremendous waste and abuse in the HIRE program. In addition to that, we have had dismal results. DOL administered placements for the first 9 months of 1979 were down 7.6 percent; job listing placements were down 2.4 percent from the year before.

Targeted tax credits—now, keep this—targeted tax credits, we had bearing 1,000 veterans who had been certified in this and the program is due to expire this year.

HIRE II money is almost spent and the goal is barely half met. As of last fall only 22,000 out of a goal of 35,000 had been placed. In CETA only 20 percent of the CETA workers had been vets when the goal was 35 percent.

So, it's clear, I think, in CETA and HIRE, especially, that we really don't have any kind of successful story on which to base an alternative to the program that we're proposing today.

There is another thing, too, and this is most important. I agree with you, Mr. McMichael, that we don't want another program that's subject to abuse. I was amazed when I read your statement last night, that one of the things that you were concerned about was abuse. Well, we have had pages of 11 different steps in here by which we try to insure that abuse does not happen.

All we can do is legislate. We are going to try to eliminate those abuses, but then you are delegated with the regulatory responsibility to insure that the legislative provisions are carried out. If they aren't satisfactory, come back to us with additional suggestions. But to say that a bill is going to be ripe for abuse prior to the time that we even start, when this bill is particularly designed to curtail that kind of abuse as a result of the programs we've seen, seems to me is not really a major concern.

I'll let you respond to that.

Mr. McMICHAEL. All right.

Mr. Daschle, I want to say first that I know your intent is clearly not to establish a program that could be abused. And I don't want to suggest that either of the programs proposed are intended to produce abuse.

It does remind me of one of my favorite stories about the fellow who had the plan to end World War I and they said, "What's your plan?"

And he said, "Well, my plan is that we drain the Atlantic Ocean so that submarines can't operate."

And they said, "Well, how are you going to do that?"

And he said, "Well, that's details and I'm not a detail man."

Having worked as a staff member on the Senate Committee on Veterans' Affairs, I have dealt with a number of proposals that seem to me to be conceptually sound. And it was fairly easy for us to write programs that say do good and avoid evil.

The difficulty comes when you then attempt to implement those directions. I have, to my sad chagrin, had to implement some laws that I had a hand in helping draft. And it is very, very difficult, despite the best of intentions to make programs that, in fact, work.

I could give you a couple of hours of examples of that, but it would only tend, I think, to confirm my own feelings that I have finally risen to the level of my own incompetency in these matters.

It is very, very difficult to make these things work as intended.

Mr. DASCHLE. Well, I guess I would argue that we do have a plan and that the plan is, indeed, detailed. The fact of the matter is that we have a submarine somewhere near the South Pole right now when we think of the HIRE program and CETA and how well they have worked in placing our veterans.

Let me ask you, I want to follow up with a couple of other things. You state that the employment rates are better for Vietnam-era veterans. There have been ample studies, and I am sure that we can both point to studies, but the Center for Policy Research, which you funded, said that occupational levels for non-veterans is higher. I'll quote here, the working paper states:

> Forty percent of non-veterans hold professional or technical positions in contrast to 19 percent for Vietnam-era veterans, and 19 percent for Vietnam veterans and 24 percent for Vietnam-era veterans.

And then it said, "Vietnam veterans also exceed veterans in proportion holding marginal jobs."

So, it's clear that one cannot only look at the grunt jobs in the world and say, well, look, our veterans are holding jobs, what else do you want? But let's look at what kind of jobs they are holding. When you do that, you find that CETA, in particular, is a clear example of hiring someone to take out the garbage and hold the door, when the non-veterans are the ones pushing the paper. I think there is a stench in here the study clearly draws out.

Mr. MCMICHAEL. First, with respect to the working papers, I would like to quote Dr. Laufer, who is the principal investigator and who the other day testified before Congress. He said that "Questions of differences between patterns of readjustment among Vietnam or Vietnam era veterans is something we cannot determine at this time."

He's the principal researcher and I'm prepared to rely on his comments.

There has been some reference in the working papers to what I believe is called the prestige scale, that is, there are some jobs of lower prestige than others. Under this scale, for example, a schoolteacher would be a higher prestige job than a plumber.

That doesn't necessarily mean that the schoolteacher is earning more money than the plumber—and it reminds me of John Gardner's old quote:

> A society that values philosophers because philosophy is an exalted profession and denigrates plumbers because plumbing is not an exalted profession, will have neither philosophy nor pipes that will hold water.

And, so I think the issue is, if you look at the income levels—I don't pretend to make judgments on prestige scales here—they clearly indicate the Vietnam era veterans are doing better proportionately than their non-veteran counterparts.

Mr. DASCHLE. Well, I would challenge that. Would you be able to provide the record with statistics that prove that Vietnam veterans, not Vietnam era, but Vietnam veterans are holding jobs with higher income levels than non-veterans?

Mr. McMichael. No; we do not have those statistics on Vietnam veterans, per se. I would suggest that no one today has.

Dr. Laufer, who is the principal researchers of the study you referred to says he can't draw such conclusions.

We do have information on Vietnam-era veterans, however, and that information clearly shows that they are doing substantially better than their nonveteran counterparts.

Mr. Daschle. There's one other point that I want to make, and I won't monopolize the time any further, Mr. Chairman. I think there has been clearly a distinction drawn here between public service jobs through the VA, public service incentives and those jobs that assist employers in hiring personnel. There was a study that will be the subject of testimony later on this morning that clearly points this out. It's the National Academy of the Public Administration Foundation. They did an excellent study which indicated that it is widely held that the more vigorous VA approval criteria are responsible for the greater value in its on-job training. But statistics point out that the Agency's staff are at a disadvantage in promoting on-job training because CETA pays the employers to participate, while the VA does not.

That's what we're trying to do—encourage employers to hire veterans. We've seen what some of the past programs have promulgated, and they just haven't borne out the fact that the current programs are working.

I'll just summarize by saying that it's obvious to me that if we are going to balance the budget, if we are going to cut out abuse, we can't continue to rely on the old means by which we've tried to encourage veterans' employment.

I thank the Chairman for yielding this time.

Mr. Hefner. Thank you, Mr. Daschle.

Mr. Wylie?

Mr. Wylie. I'm going to yield, Mr. Chairman. I have to go to another meeting.

Mr. Hefner. Mr. Sawyer?

Mr. Sawyer. Thank you.

One of the reasons, of course, we have this budgetary problem is the proliferation of the Great Society, throwing money at every perceived social problem. Now that we are finally getting some support to face up to coping with that, from both sides of the aisle, we have to do some prioritizing, where we are going to cut.

It strikes me we see much more effective programs, such as HIRE and CETA, certainly than compared to our on-the-job training program. And these programs are designed to benefit ex-offenders, hard core unemployable and so forth. I think it's a shame that our program for our veterans, who, in effect, earned their benefits, is far less effective, when we only have 20,000 people in them. It just strikes me that when we are doing what we should have been doing through the last 25 years, let's say, of being fiscally responsible, that we ought to start ordering priorities. When you've only got 6 percent of the eligibles participating in on-the-job training programs, when you had up to 35 percent or so after World War II, and the programs are different, it tells you something about the program.

And, of course, the Department of Labor, under these other two programs, has had an abysmal record on placing veterans. It seems to me that the Veterans' Administration has to take more of that burden and concern, and leave less of it to the Department of Labor, who has already evidenced their attitude and record on it.

Really serious thought ought to be given to supporting these bills that will hopefully rejuvenate our on-job training program, which is a failure up to now. Yet I get somewhat the impression that that isn't the attitude of the Veterans' Administration.

Mr. McMichael. Well, our attitude, sir, is first, to define the problem.

I think as we've indicated to you, the Vietnam era veterans in the aggregate are doing well. There are those who continue to have problems. There's been a 65 percent participation rate on the GI bill. We've spent over $30 billion on that program. I don't think that reflects neglect or a lack of priorities.

Mr. Sawyer. Of course, when you use the term "Vietnam-era veterans," you are distinguishing people who served in the services during that period, as opposed to those who served in Vietnam?

Mr. McMichael. That's correct, sir.

Mr. Sawyer. And it's the Vietnam thing that I'm concerned about, not the Vietnam era. The record there is rather abysmal.

Mr. McMichael. Well, I don't believe there are data available to substantiate that, sir.

We administer our programs, of course, the way Congress writes them and Congress has written them in terms of the Vietnam era.

Dr. Laufer, who is the principal researcher dealing with the whole question of readjustment of Vietnam and Vietnam-era veterans, testified earlier this week that there is no information now on differences in patterns of readjustment. The answers to those questions are just not available at this point.

I would suggest that we wait until they complete that study and find out whether or not, in fact, there are differences. If so, it seems to me that Congress could very well then consider establishing different programs and different entitlement patterns than it has up to now. But I don't believe the data substantiates that yet.

Mr. Sawyer. Well, I haven't seen numbers, but I don't know that you really have to see numbers to know just from your own observation, and in your own districts, that that's substantially true, whether the VA has data for it or not.

I will yield back the balance of my time, Mr. Chairman.

Chairman Hefner. Mr. Wylie?

Mr. Wylie. Thank you, Mr. Chairman.

I want to follow up on what I think has been a very interesting and educational colloquy on veterans.

The head of the Vietnam Veterans Association was in Columbus not long ago, and he said that the Government programs, Federal programs for the Vietnam veterans have been devastating failures. I might say that he mentioned in that light more the CETA program and the HIRE program by the Labor Department. And I do think that Labor has had one of the worst records for hiring Vietnam veterans, and they have failed to emphasize the on-job training program.

Do you feel that way, or not?

Mr. McMichael. Well, I'll be very——

Mr. Wylie. I've put you on the spot, I know.

Mr. McMichael. Well, I would be very reluctant to speak for the Department of Labor. I think I can say, in general, that we would be the first to admit that existing programs could be implemented better, that existing programs have not worked as well as we have intended them to work.

Mr. Wylie. I will help you a little bit there, the Labor Department has asked that the $40 million which was appropriated for their use for the HIRE program be reappropriated, and that the program, the HIRE program, be further implemented.

I think that the money could be better spent if the VA were to use it, and if they would revitalize—I don't know if that's the word or not—place more emphasis on on-job training programs for Vietnam veterans.

Mr. McMichael. Well, we, clearly, would have to look at the specifics of the proposal. With the budget review we are going through right now, I don't know what kind of money we are going to have available for anything when we get through.

It's very, very tight.

Mr. Wylie. You asked for a 15 percent increase in OJT benefits?

Mr. McMichael. No, sir, our budget submitted to Congress earlier this year would have provided for a 10 percent increase.

Mr. Wylie. A 10 percent increase.

What would you think about making the benefit for on-job training the same as the GI bill?

Mr. McMichael. That is our proposal.

Mr. Wylie. That is your proposal?

Mr. McMichael. Yes.

Mr. Wylie. That's where it comes out.

OK, you told a story about the fellow who said he knew how to win the war, all he had to was drain the ocean, and he didn't have any plan that was that detailed.

Well, I have a plan to drain the ocean here. See what you think. First of all, the current OJT program could be modified to allow employers to hire veterans at the minimum wage, with the VA paying directly to the veteran from existing entitlements.

That would be step 1. Do you want to comment on that?

Mr. McMichael. I will turn to Mr. Dollarhide, but I believe our program right now provides that any on-job-training program—VA on-the-job training program, must meet the minimum wage.

Mr. Dollarhide. The finishing wage is geared to the journeyman scale for the job.

Mr. Wylie. It is at the journeyman's scale now?

Mr. Dollarhide. It's geared—the starting wage is what would be prevalent in the community. I would think no valid on-job training program is approved as low as the minimum wage following training; they are geared substantially to the journeyman's scale in the community where they exist.

Mr. Wylie. OK. The current OJT program should be modified to allow employers to hire veterans at minimum wage with the VA paying directly to the veteran from his existing entitlements, the amount necessary to his receiving journeyman's wages for such training.

The journeyman wage might be more than the minimum wage. They are more in our area.

Mr. McMichael. I believe that is the current procedure.

Mr. Wylie. You think that is? OK.

Well, step 2, then, that the current stipend for OJT be increased to equal an amount given a veteran attending institutional training on the GI bill.

Mr. McMichael. Well, of course, a veteran receiving OJT is also receiving a wage. So, traditionally, the amount of money paid has been less than the GI bill college allowance because that presumes that he needs a subsistence allowance and that he's not employed.

To your general——

Mr. Wylie. One of the objections that the Vietnam veterans had when they came in and appeared on television was that that wasn't the case in World War II, that they were the same.

Is that right or wrong?

Mr. McMichael. I don't believe that is——

Mr. Wylie. The benefits for the veterans?

Mr. McMichael. I don't believe that is correct.

I know that during the World War II program there was also a limit on the amount of outside earnings that you could have.

Getting to the fundamental thrust of your question, though, and that is should the on-the-job rates be increased?

It strikes me that that's something worthy of consideration. If, in fact, we had limited resources, one might very well decide within those limited resources that it would be more effective to increase the OJT rate, or increase it at a slightly greater percentage than the 34 benefit rates.

That's something that I think Congress might very well want to take a closer look at.

Mr. Wylie. OK. Well, I appreciate your comment on that. However, we have to assume that most of the Vietnam veterans who will be interested in on-the-job training programs, or who will be participants in them, are those who have said they don't want to participate under the GI bill; right?

Mr. McMichael. Well, of course, when we speak about the GI bill, we are speaking about a vast panoply of programs. We are speaking about college-level training, we're speaking about resident vocational training, we're speaking about correspondence training.

Mr. Wylie. Well, I'm thinking more in terms of college training programs.

Mr. McMichael. Yes, and on-the-job training is part of the so-called GI bill, too.

What you are focusing on, I believe, is the on-the-job training component of the GI bill.

Mr. Wylie. Right. I should have said that. As opposed to the GI educational benefits which would be made available to a veteran who is attending college. So, most of the people who would be available for the on-the-job training programs would not be taking part in those.

Mr. McMichael. Yes, I might just emphasize that our proposal for extending the delimiting date was to extend it for on-job training programs, rather than for across-the-board college-level training. And that was the proposal we submitted to your committee.

Mr. Wylie. OK, that was point 3 of my proposal, too. I agree with you on that.

Well, all right. I think what we need to do is to emphasize, as Mr. Daschle said, Mrs. Heckler, and everybody here, the VA-administered on-the-job training programs. We need to help you and we need your help to help us do that.

Thank you very much, Mr. Chairman.

Chairman Hefner. Thank you, Mr. McMichael.

If there are any other members who have questions they would like to—oh, I'm sorry, Mr. Grisham.

Mr. Grisham. Thank you, Mr. Chairman.

I would like to sympathize with Mr. McMichael a little bit. Chairman Hefner and I attended hearings in Los Angeles, where we had many agencies coming to us and explaining very thoroughly that the unemployed are the very hardcore unemployed. They were taking whatever steps necessary they could think of, so I do sympathize with you in that problem.

But what Mrs. Heckler has suggested and what Mr. Daschle has suggested are, perhaps, some positive steps that we could use. I would like to associate myself with their bill.

Thank you, Mr. Chairman.

Mr. Wylie. Could I ask just one more question?

Chairman Hefner. Yes.

Mr. Wylie. I want to pin this down. You say that the VA is now paying journeyman's wages in the locality for on-the-job training programs? The reason I'm asking for a specific answer to that is that the head of the Vietnam veterans says that that's not true.

Mr. Dollarhide. The on-job training programs are approved in each State by the State approval agency. And I think they have a general policy.

One of their members is in the audience, who will be a witness later, and I think he will confirm this. But they will not approve an on-job training program where the ultimate wage is not geared to the journeyman's scale, in most cases. I think there's a valid reason for it. I think one problem with your thinking about the minimum wage is that our current program is geared to a real training opportunity which will result in a continuing job.

I don't think there are many that would start at a minimum wage that would meet the present requirements of the existing laws, or many that would, in fact, afford real training opportunities.

Mr. Wylie. But it would be your recommendation that they do receive minimum wage, or journeyman wages.

Mr. McMichael. We will supply that for the record, just to pin that down for you.

[Subsequently, the information was supplied for the record:]

Title 38 USC 1777, requires in part, that in order for a program of training on the job to be approved, the wages paid to eligible veterans or persons upon entrance into training must be not less than wages paid nonveterans in the

157

same training program. The law also requires that these entrance wages must be at least 50 percent of the wages paid for the job for which the veteran or person is to be trained. There is no requirement in the law that the entrance wage must be at least the minimum wage. However, it is reasonable to assume that State Approving Agencies would insure that these programs meet federal minimum wage standards. For those jobs not covered by minimum wage laws, it would be theoretically possible, although not very likely, to have a program of on the job training approved which did not have as an entrance wage at least the minimum wage.

Mr. **Wylie.** Thank you very much.

Mr. **Daschle.** Mr. Chairman, I would like to make one short comment.

The comment was made that the GI bill has such marvelous enrollment, that it was like 65 percent. Well, that's true, but I think we need to remember that about half of them have only participated in the GI bill for only 1 year and then they were gone. And I think that's very important.

The other thing that I want to emphasize here before Mr. McMichael leaves is that the DOL has been the primary agency for handling Vietnam-era veteran employment. The fact is that we want to change that. We don't think they've done the right job. We think the VA can do a better job and that's to their credit.

I thank the gentleman for yielding.

Mr. **McMichael.** Well, I want to thank this committee for enacting legislation on revising our vocational rehabilitation program which does, in fact, give us a greater role, with respect to the employment of disabled veterans, and we thank the committee very much for that.

Chairman **Hefner.** Well, just 1 second. The key to any program that we enact, regardless of what it is, has got to be participation. There have been tremendous difficulties trying to reach some of these people and, as Mr. Grisham mentioned, in California, they were very frustrated.

We had the Department of Labor, the California secretary of labor, and these people come in. They have tried very hard to get people to participate. Any program that we enact, if we don't get people to participate, is going to be a failure. We had people to testify who said:

> We don't want to sign up for nothing, we don't want to get involved in any program. You give us some money, we will set up a program and we'll go out into the streets and we will make this program work—we will get the money to these people.

Well, that doesn't help us. We need to get people, to get them in places where they can get training, where they can be productive citizens. We don't want to set up another program that's just going to be another handout program, that's going to be abused.

I appreciate the safeguards that you have in the program. But it seems to me that we've got to find some mechanism to get these hardcore unemployed Vietnam-era veterans involved.

We were told that many veterans will say, "We're not signing up for anything. We are not going to participate in the system in any way."

Well, as long as that attitude prevails and until we can change that, we're not going to be able to make any program work, regardless of how much money you have in it, or whatever the benefits are. So, I think that we've all got to work together with the VA and the Labor

Department, and the Congress, to try to get these people to understand that we're trying, that we're dedicated to helping this Vietnam era veteran.

And, with that, I will yield to Mrs. Heckler.

Mrs. HECKLER. I just have one final question.

I think that you have summarized your statement very well. Mr. Chairman, we all do feel very strongly about this. And it's with a sense of great frustration that we search for a new alternative because nothing has worked thus far. But I, personally, have very little confidence in the administration of the Department of Labor, in terms of veterans' employment. Their record is abysmal. I think this committee would prefer to have all of the responsibilities transferred to the VA. Is there any attitude that has been expressed on the part of your department on that subject?

Mr. McMICHAEL. Well, I think that would be more than we could handle at the moment. I understand your frustrations. I do think we have a good man in Dennis Wyant, as the Deputy Assistant Secretary, and I think we are making progress there.

Mrs. HECKLER. I think he's definitely an improvement.

Chairman HEFNER. We may soon be considering legislation to transfer that to the VA.

Mr. Bonior, do you have any questions?

Mr. BONIOR. No.

Chairman HEFNER. We would like to thank you, Mr. McMichael, for being with us and for your excellent statement, and for answering the questions.

Are there any members who have questions they would like to submit in writing? We will keep the record open, so that you can respond.

Mr. McMICHAEL. Thank you, Mr. Chairman. We look forward to working with the subcommittee in attempting to make these programs effective. Thank you.

Chairman HEFNER. Has Mr. Wolff arrived yet?

[No response.]

Chairman HEFNER. Our next witness will be Mr. Donald Schwab, director, legislative of the VFW.

In the interest of time, if you will limit your statement to 5 minutes, it will be appreciated. Your entire written statement will appear at this point in the record, there being no objection.

[The statement follows:]

STATEMENT OF DONALD H. SCHWAB, DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. Chairman and members of the subcommittee, thank you for the privilege of appearing before this distinguished Subcommittee to present the views of the Veterans of Foreign Wars of the United States.

My name is Donald H. Schwab and it is my privilege to serve the more than 1.85 million men and women of the Veterans of Foreign Wars of the United States as their national legislative director.

Mr. Chairman, as our commander-in-chief, Howard E. Vander Clute, Jr., stated before the full Committee just 2 days ago, one of the most pressing needs is that the more than half a million Vietnam veterans availing themselves of educational benefits under the provisions of chapter 34, 38 USC receive a cost-of-living increase. This is set forth in our current Resolution No. 604, appended to my testimony, and is incorporated in one of our priority legislative goals for this second session of the 96th Congress.

As is a matter of record, Mr. Chairman, the last such increase was for 6.6 percent granted by Public Law 95-202, effective October 1, 1977. According to the Congressional Budget Office, these veterans needed a 20 percent increase last October to catch up with inflation. The cost of the deserved increase would exceed $500 million and probably will be closer to $700 million which, of course, would rule it out in the present fiscal climate. However, to be at all meaningful, we believe there must be at least a 15 percent increase. H.R. 6168, introduced by the chairman of this subcommittee, the Honorable W. G. (Bill) Hefner for himself, the chairman of the full committee, the Honorable Ray Roberts and the ranking minority member of the full committee, the Honorable John Paul Hammerschmidt, would grant a 15 percent increase for Vietnam veterans under chapter 34, 38 USC, their survivors and dependents under chapter 35, 38 USC and for those pursuing correspondence courses in accordance with chapter 36, 38 USC.

In addition to the foregoing, Mr. Chairman, the voting delegates to our 80th National Convention held in New Orleans last August passed resolution No. 645 to remove the delimiting date for educational benefits and resolution No. 764 to extend benefits from 45 to 48 months, both of which are appended to my testimony. However, and again as our commander-in-chief stated, a meaningful cost-of-living increase must be granted before the liberalization of these benefits.

H.R. 6167, again introduced by the chairman of this subcommittee for himself and the chairman of the full committee, would preclude tutorial assistance authorized by 38 USC 1692(b)(2) to eligible veterans by certain family members. We have no position with respect to this bill.

With respect to the vocational rehabilitation program under chapter 31, 38 USC, Mr. Chairman, we testified thereon last April before this Subcommittee with respect to the many disparities between the VA and State-Federal programs as enunciated in the Veterans Administration study required by section 307 of Public Law 95-202, the GI Bill Improvements Act of 1977. As a result of this and other hearings, H.R. 5288, the Veterans Rehabilitation and Education Amendments of 1979, passed the House last October. Subsequently, this bill was passed by the Senate, as amended, which struck the original language of H.R. 5288 and substituted therefore the language of S. 870, the Veterans GI Bill Amendments of 1979. Thus, that which was passed by the House as essentially a vocational rehabilitation bill became in essence an educational assistance bill. Our concern is that the VA vocational rehabilitation program be brought more in line with the more comprehensive state-federal program, that subsistence allowances be increased and that the delimiting date of 9 years be eliminated. This is supported by our current resolution No. 640, also appended. We are aware that $7.9 million is included in the fiscal year 1981 budget to enhance the vocational rehabilitation program and we trust that enacting legislation will soon clear Congress.

Mr. Chairman, the Post-Vietnam Era Veterans' Educational Assistance authorized by chapter 32, 38 USC was established by Public Law 94-502 and is a partial contributory program of educational assistance for members of the all-volunteer Armed Forces who entered upon active duty on or after January 1, 1977. Through payroll deductions members may contribute between $50 to $75 per month which will be matched by a contirbution of $2 by the Veterans Administration for every dollar contributed by the service member with a maximum the enlisted member may contribute being $2,700, matched by the VA with $5,400 for a total benefit of $8,100. Response to the "VEAP" program has not been enthusiastic. As of December 1978, there were 111,731 service personnel enrolled and as of this writing, the Department of Defense had not yet compiled figures as of December 1979. However, the two bills introduced by you, Mr. Chairman, for yourself and the chairman of the full committee, would make needed changes in the program. H.R. 6165 would grant eligibility to those who served less than 180 days prior to January 1, 1977, were honorably separated and sequently, reenlisted. H.R. 6166 would provide for the disbursement of a deceased veteran's unused contribution to appropriate survivors. These bills are perfecting amendments to the program and the V.F.W. supports passage thereof.

Mr. Chairman, the remaining two pieces of legislation to be considered are job voucher bills wherein employers would be paid unused educational assistance allowances of Vietnam era veterans to defray in part salaries paid for employment, career development or training. H.R. 5581 was introduced by the ranking minority member of this subcommittee, the Honorable Margaret M. Heckler for herself and the Honorable Thomas A. Daschle, also a member of this subcommittee. H.R. 6327 was introduced by Mr. Daschle.

Mr. Chairman, we have no official position with respect to either of these bills and, as you know quite well, the V.F.W. would not oppose passage of any legislation which would provide meaningful, needed assistance to our Vietnam veterans. However, we do have reservations with respect to these job voucher bills. It would appear there are already sufficient laws with respect to the employment of disabled and Vietnam veterans if effectively enforced. We have on-the-job training, apprenticeship, Help through Industry Retraining and Employment (HIRE II), the Comprehensive Employment and Training Act (CETA), the Disabled Veterans Outreach Program (DVOP), Affirmative Action and Targeted Job Tax Credit. Then, there is the cost. We understand that the price placed on H.R. 5581 is in excess of $500 million and H.R. 6327 is $52 million. Having said this, if needed funding can be made available without reducing other programs or eliminating a meaningful cost-of-living increase for those presently advancing their education and, further, in the wisdom of this subcommittee job vouchering would, in fact, enhance employment of Vietnam veterans, we would support its passage.

Mr. Chairman, the V.F.W. appreciates the continuing concern of this Subcommittee and the full committee for the well being of our Nation's veterans, their dependents and survivors.

This concludes my testimony, Mr. Chairman, and I will be happy to respond to any questions you may have. Thank you.

DONALD H. SCHWAB, LEGISLATIVE DIRECTOR, VETERANS OF FOREIGN WARS

Mr. SCHWAB. Sir, I will summarize in the interest of time.

Let me start by saying our first priority for this session of Congress in the educational field is that those presently availing themselves of educational benefits under the GI bill receive a much needed cost-of-living increase.

We support the bill H.R. 6168, introduced by the chairman of this subcommittee and the chairman of the full committee, and the ranking minority member of the full committee, that would grant a 15-percent increase in GI bill benefits.

The Congressional Budget Office has stated that these veterans needed the 20-percent increase last October, and to catch up they would probably need a 30-percent increase by next October. It appears the price tag on the 30-percent increase would be somewhere in the area of $0.75 billion, which in the present fiscal climate would certainly rule it out. But we believe that there could be money found there for a 15-percent cost-of-living increase.

Mr. Chairman, with respect to the vocational rehabilitation program, last October this committee passed H.R. 5288, and referred it to the Senate. As it cleared the House, it was primarily a vocational rehabilitation bill. Subsequently, it was amended in the Senate and passed and became, in essence, an educational assistance bill. Our concern is that the vocational rehabilitation program be properly funded, and there is $7.9 million in the budget for it this year. If it remains in the budget, we hope that enacting legislation to enhance the vocational rehabilitation program will be cleared for the President in short order.

Legislation before the subcommittee now with respect to the post-Vietnam-era veterans education assistance program, H.R. 6165 and H.R. 6166, are perfecting amendments, and we would certainly support passage of this legislation.

The primary bills that we're discussing here this morning are the two job voucher bills, H.R. 5581 and H.R. 6327. We have no official position with respect to these bills. You know we would not oppose passage of anything beneficial to our Vietnam veterans, but we do have reservations with respect to these bills. We believe there are sufficient programs on the books now, if they are properly enforced. The cost of the bills is of concern to us. However, I would say that if the money can be found for these bills without taking from other programs, or a cost-of-living increase, or those currently pursuing educational programs, we would then be able to support passage of those bills.

We appreciate the concern of this subcommittee and full committee for the welfare of our veterans and their dependents.

This concludes my testimony.

Chairman HEFNER. Thank you, Mr. Schwab.

You beat the gong, sir, very well.

Does the VFW favor a cost-of-living increase as its No. 1 objective?

Mr. SCHWAB. It is one of our priority legislative goals, and before any other legislation is passed with respect to the GI bill, yes.

We have appended to my testimony resolutions passed at our last convention to remove the delimiting date in chapter 34, and, also, under the vocational rehabilitation program. But, of course, we think these come after a cost-of-living increase.

Chairman HEFNER. In other words, you would support something along the lines of H.R. 5581, if the budget permits, after the cost-of-living increases, but that would take priority?

Mr. SCHWAB. Yes, sir, and our commander-in-chief so stated in his testimony before the full committee Tuesday.

Chairman HEFNER. Mrs. Heckler, I understand, has to go to another meeting, so I will yield to the gentlelady from Massachusetts.

Mrs. HECKLER. I thank you, Mr. Chairman.

I would like to congratulate the VFW on their leadership on all veterans programs. I think that it has been outstanding and that you have set a very fast pace.

Of course, I would hope that they would support H.R. 5581. My concern is that a small cost-of-living across the board—that increase would amount to a small amount of money for most veterans and would do nothing for the hardcore unemployed veteran.

It seems almost preferable to invest those dollars in something that could, hopefully, make a real difference for the people with the greatest problem. That's one of the questions in my mind. How would you respond to that?

Mr. SCHWAB. Well, Ms. Heckler, we are concerned with legislation being passed and enacted into law and then not funded. For example, the readjustment counseling, the drug and alcohol programs under Public Law 96-22, CBO said that this program would require $30 million. The committees went to the floor and got $25 million; the conferees on the budget granted $12.5 million. We would certainly hate to see this very fine program destroyed and subject to criticism because of the funding level. We don't want that to happen to any other program.

Similarly, the vocational rehabilitation program, which prepares people for employment, has been underfunded. We are happy to see the increase in funding in the budget, if it remains.

We have great doubt that any new initiatives costing money are going to make it into law this session of Congress, in view of what has transpired in the past few days.

Mrs. **Heckler.** Thank you.

Chairman **Hefner.** Mr. Daschle?

Mr. **Daschle.** Thank you, Mr. Chairman.

I will be brief, as well, but I want to ask the position of the VFW, Mr. Schwab, with regard to the conceptual design of the programs that we now have. Obviously, they are operated through DOL. DOL primarily handles CETA and HIRE. Where would you and the VFW prefer veterans employment incentives be administered, within DOL or within the Veterans' Administration?

Mr. **Schwab.** We have no current position on that question. We did oppose moving it during the 95th Congress, when we did have a position.

Mr. **Daschle.** Opposed moving it from DOL to the VA?

Mr. **Schwab.** Yes; we did. It's the only major program not under the umbrella of the Veterans' Administration, and initially we opposed that. but in the interest of veterans employment, we have supported DOL in every way we could. As has been said before, I think we have a fine man over there now who is going to make improvements in the program, if the Secretary will permit.

With respect to the job voucher bills, both of these bills were introduced, subsequent to our last national convention in August, and we have no clear-cut position because of this.

Mr. **Daschle.** Well, I have to sympathize with Mr. Wyant, because I think the job that he has is bigger than what one man can administer. I think we are still going to see the waste in the program and the problems that we are seeing in those programs will continue.

The emphasis here is to provide, not necessarily an additional program, but a program that works better. That's what we are after, and I know that's what the VFW is after.

Mr. **Schwab.** I would like to make one comment. There's something a little bit distasteful about paying an employer to hire a veteran he wouldn't otherwise hire, as though he were being bribed to assume an unwanted, undesirable burden. Now, I realize the job tax credit program does essentially the same thing. This is one reason we didn't object to it on those grounds. But there still was this comment that, "Why should we have to bribe somebody to hire a veteran?" Nobody deserves hiring more than our veterans.

Mr. **Daschle.** May I respond to that? What we are trying to do is to further enhance the veterans' education through the GI bill, and there's a great deal that can be said for a veteran who has a good education, who uses that last year of his GI bill as just that, an extension of his education. And, certainly, in some cases he may not be worth—in terms of experience—someone who might have additional experience and less education, that the employer might otherwise hire. So, it gives the employer an opportunity, not only to hire a veteran, but to expand that veteran's education. And, certainly, our programs in the past have not lacked that kind of precedent.

Thank you, Mr. Chairman.

Chairman **Hefner**. Thank you, Mr. Daschle. Mr. Wylie?

Mr. **Wylie**. Thank you very much, Mr. Chairman. I must say that I agree with Mrs. Heckler's statement a little earlier when she indicated the limited resources that we might have, budgetwise. I think that maybe the money ought to go where the need is, if we can find that area of need.

I agree with you, too, that there is something negative about saying to an employer, "You have to hire this veteran because we can't get him a job," or, "We are going to give you credit if you hire this veteran."

I think that might be one of our problems about productivity in the country. I get that from witnesses who appeared before our Joint Economic Committee, who pointed that out as one of the problems with productivity right now, we emphasize hiring people who are otherwise difficult to hire—women, first-time employees. That's good, but there is a problem of productivity when you get into that and a problem of motivation sometimes.

You don't necessarily have to comment on that, but wouldn't it be better—and I suggested this—if the money under the OJT program went directly to the veteran, rather than putting it into the pockets of the employer for hiring a veteran?

Mr. **Schwab**. I would think so; yes, sir.

Mr. **Wylie**. You would recommend that?

Mr. **Schwab**. Yes.

Mr. **Wylie**. Well, that 's something that we need to study a little bit more.

I want to take this opportunity to apologize to the other witnesses who will appear, Mr. Chairman, and to you. I need to go to the Housing Subcommittee. I have a constituent over there who has a very important problem involving our district, and we have so many places to be.

I thought your commander made an outstanding statement and made a real contribution to the deliberation of this committee on Tuesday. Thank you very much.

Chairman **Hefner**. Thank you, sir.

Mr. **Schwab**. Thank you, Mr. Wylie.

Chairman **Hefner**. We would like to thank you, Mr. Schwab, for being with us and for answering the questions. If there are any other questions for the record, we feel sure that you will respond, and we will make it part of the record.

Mr. **Schwab**. Yes, sir. Thank you, Mr. Chairman.

Chairman **Hefner**. Thank you very much. Our next witness is Mr. Philip Riggin, Assistant Director of National Legislative Commission, the American Legion, accompanied by Mr. Philip Wilkerson, Special Assistant to the Director of the National Veterans' Affairs and Rehabilitation Commission.

If you could summarize your statement, it will be greatly appreciated because the House goes into session at 11 o'clock. There being no objection, your written statement will appear at this point in the record.

[The statement follows:]

STATEMENT OF PHILIP R. WILKERSON, SPECIAL ASSISTANT TO THE DIRECTOR, NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION, THE AMERICAN LEGION

Mr. Chairman and members of the subcommittee, we appreciate this opportunity to present the views and comments of the American Legion on several bills concerning veterans education and training and medical care programs.

H.R. 6165 proposes to allow certain veterans with active duty service prior to January 1, 1977 to participate in the contributory educational assistance program under chapter 32.

The American Legion has no objection to this proposal.

H.R. 6166 would provide for the disbursement of unused chapter 32 contributions upon the death of the participant.

We have no position with regard to this program that would allow us to speak to this proposal.

H.R. 6167 proposes to preclude tutorial assistance to eligible veterans by certain family members.

We offer no objection to this measure.

H.R. 6168 would authorize a 15 percent increase in the rates of educational assistance and special training allowance paid under chapters 34, 35, and 36 of title 38, USC.

The American Legion has been concerned that veterans receiving benefits under these chapters and others have not received any increase in their education assistance allowance since October 1, 1977. The impact of inflation on those pursuing a course of education or training has been deeply felt. Without a substantial increase, many eligible veterans and others because of the increased cost of tuition, food, lodging, books, transportation and other services, will have to modify or perhaps even forego plans to commence or continue their programs.

Our concern in this matter was restated in resolution No. 34 (copy attached) adopted by the national executive committee of the American Legion, meeting in May 1979, urging Congress to provide a cost-of-living increase of not less than 15 percent for those educational and training allowances payable under chapters 31, 34, 35, and 36. We strongly believe that unless an appropriate and realistic cost-of-living adjustment of at least 15 percent is provided, the current pace of inflation will seriously jeopardize the ability of many veterans to fully participate in the readjustment programs to which they are entitled.

The proposed legislation set forth in H.R. 5581 and title I of H.R. 6050 would provide for a program of career development, advancement, and training to promote employment of Vietnam era veterans.

The American Legion is very concerned with the continuing economic and readjustment problems of unemployment and underemployment experienced by many thousands of Vietnam era veterans. We have strongly supported and worked with a variety of employment and assistance programs that have focused on this problem. Although we clearly understand that the aim and purpose of these bills is to try and address this situation, the American Legion is unable to support this proposed legislation for several reasons.

The basis upon which benefits would be awarded under this program would be dependent upon the geographic area in which a veteran had military service. We find no precedent for the awarding of any VA benefit based solely on location of a veteran's service. In our opinion to establish entitlement under this criteria is both arbitrary and inequitable, particularly since the individual in the great majority of instances had no control over where he or she would be sent during military service. Furthermore, the Ameican Legion has long been opposed to any action that would establish selective categories of entitlement to veterans benefits. We are committed to the basic principle that equal service should result in equal benefits.

This proposed program would extend the delimiting period by 36 months from either March 1, 1980 or October 1, 1980, depending on the theater of military service. The American Legion continues to be opposed to any extension of the delimiting period for readjustment training and education programs beyond the present 10 years. Through the development of the several GI bills, the central concept of these programs has been that a veteran because of military service should be afforded a reasonable period of time following discharge in which to avail himself or herself of readjustment benefits, whether they are educational or vocational. We supported the extension from 8 to 10 years enacted under

Public Law 93-337 because we believed that to be an equitable adjustment. Pursuant to resolution No. 106 of our 1976 National Convention (copy attached), we have been opposed to any further extension of the delimiting period.

From another aspect, we are quite concerned with the specific guidelines under which this program would operate in that there is a general lack of substantive controls to ensure accountability and preclude fraud and abuse on the part of the veteran and/or the employer. Without adequate controls built into such a program, we would question whether or not those veterans participating would, in fact, receive meaningful employment opportunities.

Under the current GI bill program, on-the-job and apprentice training have been very successful in providing valuable training and experience to thousands of Vietnam Era veterans. In considering other programs to assist veterans through training and employment placement, including the program proposed by this legislation, we note with particular concern that under Public Law 92-540, a variety of additional Federal programs were authorized and initiated. To date, their individual and collective success in achieving the purpose for which they were established has been questionable. We strongly believe that programs such as HIRE, CETA, DVOP and the Employment Service of the Department of Labor and others, if properly implemented and given adequate budgetary support would provide greater assistance to those veterans still seeking economic readjustment. Necessary improvements in these programs would, in our judgment, make a new legislative initiative, such as this measure, unnecessary. In addition, funding for any such new program would directly impact ongoing employment programs which would clearly be to the detriment of the many veterans who badly need the type of assistance currently available.

Concerning section 103 of title I, to establish a full Assistant Secretary of Labor for Veterans Employment, the American Legion fully supports this proposal based on resolution No. 100, adopted by the 1979 American Legion National Convention. (Copy attached).

Title II of H.R. 6050 concerns proposals to provide health and psychological care for veterans.

Section 201 would establish presumptive service connection for certain diseases arising in Vietnam Era veterans exposed to the herbicides identified as agent orange.

It is proposed that the Administrator shall determine and promulgate by regulation what diseases medical research has shown may be caused by exposure to dioxin contaminated herbicides, and include in these regulations the standards used by the Administrator in making such determinations. Such diseases developing to a 10 percent degree of disability or more in veterans exposed to such herbicides shall be considered to be service-connected. Service connection would also be extended to birth defects caused in the natural children of exposed veterans. The Administrator shall also promulgate by regulation the conditions of service required to establish exposure to such herbicides for the purpose of presumptive service connection and such regulations shall include a specification of the standards used in establishing conditions of service for such exposure. This proposal would also provide for judicial review of the promulgated regulations in accordance with 5 USC, chapter 7. Final agency action on these regulations would be required within one year from the date of enactment.

The American Legion is quite concerned and anxiously awaiting the outcome of the various studies into exposure to agent orange that are being conducted by the VA and other Federal Agencies. We are closely monitoring the progress of these studies as well as other related health hazard studies. However, we fully realize that the results of such studies will not be available overnight, as a great deal of research must be accomplished before definitive scientific conclusions can be made. In support of the current ongoing studies and research into the effects of exposure to the agent orange herbicides, the delegates to our 1979 National Convention adopted resolution No. 158 (copy attached) urging the Administrator to use all available resources to determine the effects of these herbicides, and further urging that the Administrator and the Department of Veterans Benefits take a more objective approach to the adjudication of claims for benefits for diseases and disabilities from exposure to such herbicides.

To date, no body of scientific knowledge has been developed that would conclusively establish what, if any, conditions are directly related to exposure to these chemicals. Nor would preliminary findings be sufficient to sustain the conclusion that certain conditions should be presumed to be due to such exposure.

166

Therefore, in our view, it would be premature to enact legislation, absent additional scientific evidence as to the specific conditions related to such exposure. We do urge upon the VA a posture of liberality in dealing with claims involving agent orange exposure; and we insist upon full and complete medical care for all veterans who are experiencing symptomatology that could be ascribed to agent orange exposure. We would also continue to urge the VA and other agencies involved to give these studies a high priority.

Section 202 would authorize those veterans who were awarded the Southeast Asia campaign ribbon to elect to receive mental health care and treatment in community mental health care centers at VA expense.

We believe the eligibility criteria, as proposed, is arbitrary and very likely injudicious. It selectively designates veterans who had one day or more of service in the Southeast Asia Theater to have this option with no requirement that such mental health problems be related to theater of service. Counselling, treatment and related services provided currently under sections 612A and 620A of title 38 include authorization for the use of contract and fee services under specific circumstances. We would, therefore, be opposed to this measure.

Section 203 proposes to require that one employee of the General Accounting Office be assigned to duty in each VA medical care facility to function as an ombudsman for veteran patients.

Considering the duties and responsibilities set forth in this proposal, we believe the functioning of an ombudsman should more appropriately be under the direction and control of the office of the chief medical director of the VA. Already at many VA facilities, the Directors have incorporated this concept into their staffing without using that specific title. However, the designated individual has essentially the same functions and responsibilities. In addition, the hospital and rehabilitation representatives of the many veterans service organizations likewise function much in the same capacity as ombudsmen for the patients. On this basis, we would not support the proposal that an outside Federal agency be given this role.

Section 204 proposes that steps be taken to advertise the proposed change in the mental health care and drug abuse programs. A budget of $2 million would be authorized for this purpose.

We would be opposed to this proposal for those reasons stated under section 202 of this title.

Title III of H.R. 6050 concerns education assistance under the GI bill.

Section 301 proposes a 3-year extension of the delimiting period from January 1, 1980. However, those veterans whose service during the Vietnam Era earned them the Southeast Asia campaign ribbon would have an additional extension until January 1, 1990.

The American Legion, as we have stated earlier, is firmly opposed to any extension of the present delimiting period. The only exception to this should continue to be those who were prevented from initiating or completing a program of education because of a mental or physical disability as is provided in current law.

Section 302 seeks repeal of the state matching requirement for accelerated payments of education assistance under section 1682A, and would also increase the amount of accelerated education allowance which may be paid to an eligible veteran.

Although the American Legion does not have a current mandate on this specific proposal, we would support the enactment of these improvements in the education assistance program. We have supported the concept of accelerated payment of the assistance allowance through the development of the current GI bill program. Although this provision to make such financial assistance available to veterans, was enacted into law by Public Law 95–202, the program itself has never been implemented by the VA. The problem centers on the requirement that the State or local government must make matching grants to the VA for those veterans receiving accelerated payments under this program. This Catch-22 requirement has effectively prevented any veteran from taking advantage of this type of assistance. To date, no State or local government has acted to establish such matching grants. We, therefore, support the repeal of this burdensome and accelerated payment proposed would, in our opinion, give the veteran seeking to attend a higher cost school, greater latitude in choosing where and how to spend those education dollars available to him or her.

Title IV would authorize grants to States for start-up costs of home loan programs.

Since this matter is currently under study by our National Economic Commission, we would have no official position on this proposal as of now.

Title V proposes the establishment of a Commission on Veterans Benefits to study and appraise the structure, scope, and administration of laws providing benefits to veterans and their dependents. The Commission would be empowered for a period of 18 months to conduct such a study and report to the Administrator and the Congress.

The American Legion poses no objection to such studies. However, we would reserve the right to take issue with any recommendations of the Commission that would tend to weaken or destroy the veterans benefit program, or combine it or any part of it, with general public social welfare programs.

H.R. 6327 seeks to promote the employment of Vietnam era veterans through a program of job vouchers. Based on such vouchers, benefits would be payable to an employer of an eligible veteran for up to 12 months. The prerequisites of the type of employment provided would be that the salary cannot be more than $11,000 and that it provide significant training opportunities.

At present, the American Legion has no official position which would allow us to speak either in favor or in opposition to this proposal, since it is currently under study by our National Economic Commission. However, we wish to offer several observations on this proposed measure.

We note with some concern the apparent lack of controls in this program which would ensure accountability and effectively prevent fraud and abuse. There is little to suggest that the veteran's employment would continue past the termination of these employment assistance benefits.

Secondly, this represents another legislative initiative to expand veterans employment when there is currently a multitude of such programs in operation. The cost of this new program would be substantial and the various ongoing programs, regardless of their success to date, will be seriously impacted if this program goes into effect. As with the proposed career development program, it would seem more appropriate to seek improvements, as necessary, in current programs than to undertake another separate program for similar purposes.

That concludes our formal remarks and we would be glad to answer any questions. Thank you for receiving our views.

Attachments.

NATIONAL EXECUTIVE COMMITTEE MEETING OF THE AMERICAN LEGION, MAY 2-3, 1979

Resolution.—No. 34.

Commission.—National Veterans Affairs and Rehabilitation.

Subject.—Sponsor and support legislation to amend 38 USC, Chapters 31, 34, 35, and 36 so as to provide a cost-of-living increase in the monthly rates payable for vocational rehabilitation subsistence allowance, educational and training assistance allowance, and special assistance.

Whereas, increases in vocational rehabilitation subsistence allowances, educational and training assistance allowances, and special assistance payable to eligible veterans and persons under Chapters 31, 34, 35, and 36 of title 38, United States Code, were last increased under Public Law 95-202, approved November 23, 1977 and effective from October 1, 1977; and

Whereas, the Consumer Price Index as compiled and reported by the Bureau of Labor Statistics, Department of Labor, has advanced 9.2 percent since the effective date of the last increase in educational allowances; and

Whereas, the current index is increasing at an annual rate of 9 to 10 percent which will necessitate an increase in the rates of allowances to assure retention of the veteran trainees' purchasing power; and

Whereas, without such an increase, many eligible veterans and persons, because of increased tuition, food, lodging, books, transportation and other services, will have to forego or modify their plans to pursue programs of education or training under the foregoing provisions of title 38, United States Code; now, therefore, be it

Resolved, by the National Executive Committee of the American Legion in regular meeting assembled in Indianapolis, Indiana, May 2-3, 1979, that the American Legion sponsor and support legislation to amend 38 USC, Chapters 31, 34, 35, and 36 to provide a cost-of-living increase of not less than 15 percent payable for vocational rehabilitation subsistence allowance, educational and training assistance allowance, and special assistance.

FIFTY-EIGHTH ANNUAL NATIONAL CONVENTION OF THE AMERICAN LEGION, SEATTLE, WASH., AUGUST 24, 25, 26, 1976

Resolution.—No. 106 (Kentucky).

Committee.—Veterans Affairs and Rehabilitation.

Subject.—Oppose the enactment of those measures which would amend section 1662 of title 38, United States Code, so as to extend beyond 10 years, the time limitation for completing a program of education or training.

Whereas, section 1662(a) of title 38, United States Code, as amended by Public Law 93–337, provides that no educational assistance shall be afforded an eligible veteran under this chapter beyond the date 10 years after his discharge or release from active duty after January 31, 1955; and

Whereas, the savings clause of section 1662(c) provides that in the case of any eligible veteran who was discharged or released from active duty before the date for which an educational assistance allowance is first payable under this chapter, the 10-year delimiting period shall run from such date (June 1, 1966); and

Whereas, Public Law 93–337, which extended the delimiting period for completion of education from 8 years to 10 years was supported by the American Legion; and

Whereas, a variety of measures have been introduced in the United States Senate and the House of Representatives, either to further extend the delimiting period or to remove the delimitation entirely; and

Whereas, it has consistently been the position of The American Legion that rehabilitation and readjustment programs should extend for reasonable periods following active service, to enable the veteran to make a satisfactory asd successful readjustment to civilian life; and

Whereas, an indefinite extension of rehabilitation and readjustment programs beyond what could be considered a reasonable period would defeat the purpose of such programs, as well as constitute an unreasonable burden upon the public purse; and

Whereas, a 10-year period in which the veteran can complete a readjustment and rehabilitation program is a reasonable extension of time; now, therefore, be it

Resolved, by the American Legion in National Convention assembled in Seattle, Wash., August 24, 25, 26, 1976, that the American Legion oppose the enactment of those measures which would amend section 1662 of title 38, United States Code, so as to extend beyond 10 years the time limitation for completing a program of education or training.

Approved.

SIXTY-FIRST ANNUAL NATIONAL CONVENTION OF THE AMERICAN LEGION, AUGUST 21–23, 1979, HOUSTON, TEX.

Resolution.—No. 100.

Committee.—Economics.

Subject.—Support legislation for Assistant Secretary of Labor for Veterans Employment.

Whereas, the Congress has enacted legislation creating a Deputy Assistant Secretary of Labor for Veterans Employment, to be nominated and confirmed by the U.S. Senate, to implement programs to provide employment for the Nation's veterans; and

Whereas, it was intended by Congress that the Deputy Assistant Secretary of Labor for Veterans Employment was to be the principal advisor to the Secretary of Labor regarding the formulation and implementation of all policies affecting veterans within the Department of Labor, such as in the Comprehensive Employment and Training Act, mandatory listing and affirmative action requirements; and

Whereas, the Deputy Assistant Secretary was not placed at a high enough level in the organizational structure of the Department of Labor; does not have direct access to the Secretary of Labor, but has been confined to the former channels of command; and has been unable to fulfill the intentions of Congress; now therefore be it

Resolved, by the American Legion in National Convention assembled in Houston, Tex., August 21, 22, 23, 1979, that the American Legion support legislation to establish a full Assistant Secretary of Labor for Veterans Employment.

SIXTY-FIRST ANNUAL NATIONAL CONVENTION OF THE AMERICAN LEGION, HOUSTON, TEX., AUGUST 21, 22, 23, 1979

Resolution.—No. 158 (District of Columbia).

Committee.—Veterans Affairs and Rehabilitation.

Subject.—Urge the use of all available resources by the Administrator of Veterans Affairs in determining the effects of exposure to "Agent Orange" on veterans.

Whereas, the chemical herbicide commonly known as "Agent Orange" was sprayed throughout Vietnam during the years 1962–1971, to defoliate forests and rice paddies; and

Whereas, the long-range toxic effects of the defoliant, of which in excess of 10.6 million gallons were reportedly expended by American military forces, remain virtually unknown; and

Whereas, the chemical mixture of 2,4-D and 2,4,5-T has been subjected to partial bans by the Environmental Protection Agency following reports of still births in areas where heavily used within the United States; and

Whereas, a significant number of service personnel serving in Vietnam were exposed to these toxic chemicals and may have subsequently developed cancer or other life-threatening diseases; and

Whereas, the American Legion has supported the studies and research conducted by the Veterans Administration on "Agent Orange" and other toxic agents and their effects on veterans; utilized all means available to publicize the current policy of the Veterans Administration, Department of Medicine and Surgery, in documenting cases of reported exposure; is presently assisting in the location of veterans who were exposed to any such agents while on active duty, and aiding such veterans in the filing and development of claims for benefits provided under title 38, United States Code; and has an American Legion Medical Consultant serving as a member of the Veterans Administration Advisory Committee on Health-Related Effects of Herbicides; now, therefore, be it

Resolved, by the American Legion in National Convention assembled in Houston, Texas, August 21, 22, 23, 1979, that the American Legion urge the Administrator of Veterans Affairs, the VA Advisory Committee on Health-Related Effects of Herbicides, and the VA Central Office Ad Hoc Steering Committee on the Toxic Effects of Herbicides to proceed without delay using all resources available, to determine the effects of "Agent Orange" on veterans who were exposed to it during their active military service; and, be it further

Resolved, that the American Legion urge the Administrator of Veterans Affairs and the Department of Veterans Benefits to take a more objective approach in the adjudication of claims for benefits for diseases and disabilities resulting from exposure to "Agent Orange" than has been taken to the present time.

Approved with amendment.

STATEMENT OF PHILIP RIGGIN, ASSISTANT DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION

Mr. RIGGIN. Good morning, Mr. Chairman. My name is Phil Riggin. With me is Phil Wilkerson, who is going to deliver the statement, and we are both available for any questions of the subcommittee.

Chairman HEFNER. You may proceed in any way you see fit.

STATEMENT OF PHILIP WILKERSON, SPECIAL ASSISTANT TO DIRECTOR, NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION, THE AMERICAN LEGION

Mr. WILKERSON. Thank you, Mr. Chairman. First, we wish to express our strong support for H.R. 6168, to authorize a 15 percent cost-of-living increase in educational assistance rates for chapters 34, 35, and 36. Particularly considering the pace of inflation and the

2½ years since these rates were last adjusted, we certainly believe that action to provide an appropriate and realistic increase is clearly warranted at this particular time.

With regard to the career development, advancement, and training program proposed by H.R. 5581 and Title I of H.R. 6050, we clearly recognize that there is a need to promote employment of our younger veterans who are experiencing continuing problems of unemployment and underemployment.

However, despite the aim and purpose of these measures, we cannot support them for several reasons. In general, we consider it both inequitable and arbitrary to make benefits dependent upon the theater of military service since the individual seldom has any control over this factor of service life.

It goes, also, against the principle that equal service should result in equal benefits. In addition, we are firmly opposed to any further extension of the delimiting period which would be provided by this program.

As to the actual functioning of the program, it appears to us, with some concern, that there is a lack of adequate controls and specific guidelines to insure compliance and preclude fraud and abuse. Without such controls, there is a great potential for a variety of abuses, and we do not believe veterans participating will receive meaningful employment opportunities.

In addition, the cost factor for this program, we feel, would significantly impact current employment programs, making them surely less effective.

Rather than pursue another legislative initiative in the area of veterans employment, The American Legion would rather see Congress undertake improvements in those currently authorized veterans employment and training programs, such as HIRE, CETA, the disabled veterans outreach program, and the Employment Service of the Department of Labor, and other programs. We believe such programs would offer a more sound basis for any further expansion of efforts to facilitate veterans' employment.

One specific proposal in this area, which we fully support, would authorize the establishment of an Assistant Secretary of Labor for Veterans' Employment.

With regard to Title II of H.R. 6050, section 201 includes a proposal to establish presumptive service connection for certain diseases related to exposure to herbicides identified as Agent Orange. The American Legion is quite concerned for the present and future health and well-being of those veterans who were exposed to those chemicals. We are closely monitoring the progress of studies into the health hazards associated with such exposure. However, to date no body of scientific data has been developed on this subject which would conclusively establish what, if any, specific conditions are related directly to exposure to these herbicides. Therefore, we sincerely believe it would be premature, at this time, to enact specific legislation for such purpose, absent additional scientific evidence. However, until this matter is more clearly resolved, we would urge the VA to take a more objective approach to the adjudication of claims regarding exposure to Agent Orange.

With regard to H.R. 6327, which seeks to promote employment of Vietnam veterans through a program of job vouchers, we believe that this program might also be subject to some of the abuses described earlier or attributable to the program of career development. We do not have anymore specific comments since this matter is currently under study by our national executive committee.

That concludes our formal remarks, and we would be glad to respond to any questions either now or for the record.

Chairman HEFNER. Well, we will leave the record open for members who would like to submit some questions for the record.

You mentioned a couple of times your fear of abuses and lack of controls in this particular legislation. Is that your principal reason for your objections to this legislation?

I gathered that from your statement, that this was your——

Mr. WILKERSON. This was one of the aspects of both of these bills which are of concern to us, in that they would be new programs.

We do not see really adequate requirements specifically stated in these legislative proposals, and considering the abuses that have occurred in other programs, under the Veterans' Administration as well as the Department of Labor, we feel that particular consideration should be given, in proposing any new program, to avoiding past experiences.

Chairman HEFNER. Well, I feel sure Mr. Daschle is going to contest you on that, but I will yield to Mr. Grisham, if he has any questions.

Mr. GRISHAM. Thank you, Mr. Chairman.

I would like to thank The American Legion for coming this morning, and I appreciate your testimony. It is to the point, and succinct, and I appreciate it very much.

Thank you, Mr. Chairman.

Chairman HEFNER. Mr. Daschle?

Mr. DASCHLE. Mr. Riggin, we have the job credit program, we have on-the-job training, we have HIRE, and we have CETA.

What about the job voucher program leads you to say that this would be more ripe for abuse than the current programs? What is it about it? Be specific, now, and give me a scenario of what kind of abuse would occur under the job voucher program that would not occur under the current programs.

Mr. WILKERSON. Unfortunately, my experience relates more to the area of veterans' claims and benefits rather than specifically employment, and I would certainly be glad to respond in more detail for the record, in this regard, but——

Mr. DASCHLE. But you can't give any——

Mr. WILKERSON. In general, I would just say that I do not believe that your proposals would be more subject to abuse than current programs.

Mr. DASCHLE. They would not be more?

Mr. WILKERSON. Not specifically more.

Mr. DASCHLE. But you support the current programs?

Mr. WILKERSON. Yes, we certainly do.

Mr. DASCHLE. But regarding this program, you said one of your prime concerns was that it was subject to abuse. So, I can't understand why you would support the other programs and not this one, on that basis, if it isn't more subject to abuse.

Mr. WILKERSON. This was one of several reasons why we would not be in support of your proposal. We feel that current programs certainly have not fulfilled many of their objectives.

We do not think that they should be just junked out of hand since they haven't achieved many of the purposes for which they were established. We would prefer to make necessary improvements in these programs, in light of experience, rather than embark on a new program.

Mr. DASCHLE. Well, I think it is important for the record that we note here that there aren't any additional abuses, and yet we've been pointed at all morning long, and no one can give me any specifics and, furthermore, I would like to ask a followup to that.

On pages 16 and 17, and then earlier on pages 10 and 11, we say, as tightly as we can, we draw this program to eliminate abuse.

I would like to ask both of you just what additional provisions can we put in the bill to further tighten the program to eliminate your concern about abuse? How can we tighten it up better? Obviously, you've thought about this long enough to cite this as one of your major points of opposition. Give me some examples on how we can tighten it, and I will guarantee I will have an amendment in this afternoon to do that.

Maybe you can inform me of that now.

Mr. WILKERSON. As I indicated, this factor, alone, was not our major objection.

Mr. DASCHLE. I see. I yield back the rest of my time.

Chairman HEFNER. Let me ask a question. We had hearings all over the country. I chaired the hearings, and we heard about the problems that we are having, and the VA mentioned some of the problems they are having getting people to come in to take advantage of the programs—the CETA program, the HIRE program. We are having problems getting people to participate.

Do you feel the existing programs can do the job that needs to be done if, in some way, they are revamped? Perhaps the ultimate goals need to be reconsidered, or the method of administering these programs should be changed.

Do you feel that there are enough existing programs to do the job if we could get the people to take advantage of them?

Mr. WILKERSON. Yes, sir; that is the position of the American Legion. We feel that the question of budget support has been a primary factor in the less-than-startling success of many of these programs. It has seriously curtailed and hamstrung these programs to the point where they have not, by any means, achieved the objectives for which they were initiated and authorized.

We certainly believe that the Department of Labor is an effective mechanism under which these programs could be administered; however, the failure to provide sufficient leadership and authority, or a basis for this, certainly limits the potential for their success. This is why we strongly urge the creation, or authorization, of a full Assistant Secretary of Labor for Veterans Employment. We feel that this would go a long way in meeting the needs of the Department of Labor to effectively provide for veterans employment.

Chairman **Hefner**. I would like to ask Mr. Daschle a question, and not to be argumentative, I am very serious. What evidence do we have, or what would lead us to believe that if this new legislation does become law, that this is going to reach the people and get the people in? That is my concern.

Just because we have a new program doesn't mean that they are automatically going to rush to take advantage of it, and the employers are not going to get on the bandwagon and say, "Fellows, this is what we've been needing; this is going to solve the problem." What leads you to believe that this is going to be much better?

Mr. **Daschle**. Well, Mr. Chairman, I couldn't agree with you more, and I understand your concern. I think we have to convince you and the other members that this is an improved concept.

I think, conceptually, the program in CETA is wrong. It is a social program; it is not an employment program.

Chairman **Hefner**. I'm not defending CETA at all. The point I want to make——

Mr. **Daschle**. Well, see, we have to compare this with other programs that currently exist and, whether you defend it or not, the fact is that CETA has really been a deplorable program in terms of hiring veterans. It has just failed miserably, and I think it is not a problem of more money, it is not a problem of administration, it is the fact that, conceptually, CETA doesn't work.

So, then, what do we do? Well, we have several different options, but I think when you are talking about the keen employability right now of our people, the work force, there is a greater and greater competition among people for jobs.

Well, what is going to happen? You have the 50 percent unemployed disabled veterans who are trying to work in competition with people who are physically capable of handling any job. You have 21 percent underemployed, and you have got to be able to give them some kind of assistance. They are disabled because they went through the war. That is the only reason they are disabled.

The other people are able because they didn't go through the war. Now, I think that we have all kinds of incentives, and I think we have to break the notion right now that we are trying to bribe somebody to hire unemployed veterans. That isn't it at all. All we are doing is giving an employer an incentive to hire what we think is a very able working person.

Now, we can help our veterans in several ways, to prepare themselves for the work force. We can do it through education, we can do it through trying to get them jobs. What I am saying is that we have a good program that works well, and all we have to do is give the veteran the option of either having 1 year's worth of education, in addition to the other 3, or 1 year's worth of work. I would be willing to bet that they are going to learn more on the job, and that employer is going to be better able to hire that person and train him, than any other program we've got. The targeted tax credit program doesn't work, the HIRE program doesn't work and the CETA program doesn't work. The GI bill does work, and that is the difference.

Chairman **Hefner**. I'll agree with all the things you said, but the problem we go back to in hearing after hearing is getting that veteran to participate, period—to come in and make himself available.

Now, I don't know if the new legislation is going to flush him out from wherever he is. That is the real concern that I have—this veteran that we are not reaching, for some unknown reason. Maybe he is just antiestablishment, and I don't know that this program is going to really reach him.

Mr. DASCHLE. Well, I'll tell you how it is going to work. It's going to work when he opens the paper some morning, and he sees in the want ads that there are employers who are hiring only people under the GI bill.

He sees that, and he rushes on down to get a job. That want ad wouldn't be there if they couldn't put that in the paper, but the fact of the matter is, he's going to read that for the first time, and that is going to bring him into the job market for the first time, and that is what I think the difference is.

Chairman HEFNER. Again, I'm not being argumentative, but we had suggestions made in California that we should put some ads in the Rolling Stone magazine or Playboy.

They were trying desperately, anyway, to get the people just to come in. That is the thing that worries me most. How do we reach these people who are very marginal, and with a little help could be very productive citizens? Some of these people maybe would have had the same problems whether they had been in the service or not.

Mr. DASCHLE. The key goes to the bill we already passed, and that is the outreach program. We aren't going to do it sitting in the Halls of Congress, but we are going to do it in the streets of every town in America, and that is what outreach is all about.

They have to convince them. They have to inform them of these programs. All I'm saying is that, once informed, we are far more apt to hire a veteran with a program like job voucher than we are with any other program we've got on the books today.

Mr. RIGGIN. Mr. Chairman, if I may comment here regarding the remarks you've made and the remarks that Mr. Daschle has made.

Again, the job voucher aspect of your proposal, sir, is one problem that we have with it. We have indicated our concern with the potential for abuse, and you have stated, very clearly and well stated, that that was one of your major objectives in producing this legislation.

We will look again at the legislation, and I promise you that, either for the record here or directly to you, to your office, we will provide whatever assistance we can in identifying those gaps. We've mentioned the fact that we think there are gaps. We will do that. We will be very happy to do that.

[The information follows:]

THE AMERICAN LEGION,
Washington, D.C., March 26, 1980.

Hon. W. G. HEFNER,
Chairman, Subcommittee on Education, Training and Employment, House Committee on Veterans Affairs, Cannon House Office Building, Washington, D.C.

DEAR CHAIRMAN HEFNER: As requested during the March 6 hearing held by the Subcommitee on Education, Training and Employment, we are presenting some additional thoughts on the proposed program of career development, training and advancement. Our comments here will discuss what we perceive to be a variety of conceptual problems as well as some specific problems arising from the guidelines set forth in H.R. 5581.

We do not believe that a direct subsidy program to employers is a satisfactory approach to meaningful employment for veterans. We object to the arbitrary and inequitable nature of the proposed eligibility criteria as well as the further extension of the delimiting period and the projected cost of such a program. These, together with our concern over the potential for abuse, are the principal reasons why we cannot support H.R. 5581.

One factor that we do not discuss during our testimony involves the proposed program's attempt to merge an entitlement initiative involving readjustment benefits with a federal employment program (which is essentially a gratuitous gesture). We must register our strong opposition to any such fundamental change in the concept of readjustment under the G.I. bill. Readjustment benefits are being provided within certain time limits which we consider to be reasonable and fair. To say education and training benefits should be available on an extended basis effectively creates another category of veterans benefits that are no longer for the purpose of readjustment. Such action would require a new definition of readjustment.

In reviewing the guidelines for this program, we note that these are similar in many respects to those applicable to current education and training programs. The proposal in question, however, would pay employers, retroactively, to hire and supposedly train a veteran for a limited period of time. Experience has revealed substantial fraud and abuse in current employment programs involving indirect subsidies to employers. A direct subsidy, in our opinion, ignores such experience. The probability of behind the scenes dealings to circumvent regulations represents a strong negative factor that cannot be easily dismissed, regardless of the good intentions of the drafters and the efforts of the VA to effectively implement and regulate it.

The career advancement idea appears to provide a device by which an employer might be encouraged to retain a veteran on the job only so long as entitlement remains. Although the program must be approved, there seems little actual control over the quality of employment training that would be offered. The employer would also not be encouraged to promote any veteran beyond the salary limits during the program. And since payment is forthcoming after the fact, this type of situation is easily concealable, either directly or indirectly.

There is a distinct danger that upon expiration of entitlement and payment, veterans would be surplused. The program presumes the company would necessarily expand its business with an added labor force during the program. However, upon receipt of the subsidy, there is no control or legal guarantee beyond an initial expectation of continued employment. Another potential problem is that the employers additional costs for training can be passed through with very little control.

The American Legion is keenly interested in the successful application of all readjustment programs and in the enhancement of job opportunities for Vietnam veterans. It is our opinion that the pursuit of job opportunities for younger veterans would be more appropriately focused if improvements in existing Department of Labor programs were actively sought.

We share the concern of those who have promoted H.R. 5581 and we commend each of them for their efforts to devise a program addressing the underemployment of Vietnam veterans. Although we cannot agree with them on this particular proposal, we look forward to working with all members of the House Veterans Affairs Committee on other potential solutions to the problem.

Sincerely,

MYLIO S. KRAJA,
Director, National Legislative Commission.

Mr. RIGGIN. Regarding your comment, Mr. Hefner, I think that the DOL has not necessarily done the best public relations job, and I also believe that not having a full Assistant Secretary of Labor for Veterans Employment has had a great impact on the effectiveness of the programs to date.

I think it is an organizational problem, and that is one of the reasons why we are pushing so hard for that particular position to be created. We feel that is so critical to the development of any kind of ongoing program and its effectiveness.

Mr. **Daschle**. I agree with that 100 percent. We've been after that a long time. I wish you luck.

Mr. **Riggin**. I appreciate your support.

Chairman **Hefner**. Thank you, gentlemen, for being with us.

Our next witness is from the AMVETS, Mr. Gabriel Brinsky, National Legislative Director.

Mr. Brinsky, your written statement will appear at this point in the hearing.

[The statement follows:]

STATEMENT OF GABRIEL P. BRINSKY, NATIONAL SERVICE AND LEGISLATIVE DIRECTOR, AMVETS

Mr. Chairman, distinguished members of the subcommittee, AMVETS appreciates this opportunity to present its views relating to the veterans' vocational rehabilitation and educational programs as provided in Title 38 United States Code, chapters 31, 32, 34, 35, and chapter 36.

We were highly pleased with H.R. 5288 which has corrected the more glowing deficiencies in the vocational rehabilitation program. The bill embodies the major recommendations of the excellent study made by the Veterans Administration as mandated by Public Law 95–202. Among other things, it redefines the purpose of vocational rehabilitation from that of restoring employability to the placement of the individual in suitable employment. It also modifies the maximum period permitted for rehabilitation.

We are disappointed, however, that the House of Representatives did not deem it advisable to adopt the recommendation of the Veterans Administration that there should be no delimiting date. Presently under chapter 31, there is a 9-year delimiting date which may be extended but only under certain circumstances including cases of seriously disabled veterans. As a result, those veterans who are less than seriously disabling but who are in need of rehabilitation are denied. The delimiting date defeats the purpose of vocational rehabilitation because it ignores the fact of continuing need. As AMVETS has previously testified, we feel that it fails to take into consideration a basic medical principle which is that disease and injuries do not remain at static levels of disability. A disease or injury noncompensably disabling at the expiration of the delimiting date, may increase in severity qualifying the veteran for need for vocational rehabilitation but which is denied because it is beyond the delimiting date.

AMVETS favors H.R. 6165 which was introduced by the Chairman of this subcommittee and by the Honorable Ray Roberts, chairman of the full committee. This bill would permit a small number to participate in chapter 32 benefits who are now excluded. There is a small group who initially had active duty service before January 1, 1977, and are still on active duty who are not eligible to participate in chapter 32 benefits. There are some, however, amongst those who have served less than 181 days before January 1, 1977, who were discharged and have subsequently reenlisted after January 1, 1977. This bill, in our opinion, would correct what we consider to be an existing inequity under the present law.

H.R. 6166 basically provides the vehicle for the distribution of contributions which have been made under chapter 32 where the participating serviceman dies before using the money for his or her education and training. To provide the manner of the dissent and distribution of such monies is desirable and needed. AMVETS is in complete agreement with the manner of disbursement provided by the bill.

We are in sympathy with the intent of H.R. 6168 which is to propose a 15 percent cost of living increase for veterans' education and training programs. In our view, it is anachonistic since the rate of inflation has far exceeded 15 precent since the prior increase in benefits accorded in October 1977. If the purpose of the bill is to compensate for inflation, it fails to do so. We further find it inconsistent with the provisions of H.R. 5288 which would increase benefits under chapter 31 by 17 percent. If the increases proposed under H.R. 6168 and H.R. 5288 are to be pegged, or reasonably adjusted to the rate of inflation, then they must be uniform. This is not to say that AMVETS is in accord with the 17 percent increase proposed in H.R. 5288. We are of the view that in order for the programs

177

to be effective that the rate of adjustment should be geared to the rate of inflation.

Before commenting on H.R. 5581, AMVETS would like to make this parenthetical observation concerning the Vietnam era veterans. We have favored every proposed legislation which would provide the Vietnam veteran with every consideration and benefits justified by the service to his country. While we are of the conviction that veterans of all wars are veterans and we oppose any fragmentation of the veteran population as such, AMVETS has realistically recognized that within its veteran community there are specialized groups. For example, we favor a pension for World War I veterans. And, we favor certain special considerations for the Vietnam era veteran which is not available to all veterans.

Within this framework, AMVETS would like to comment upon H.R. 5581. This is a bill, very comprehensive, which proposes career development programs by subsidizing employers who hire veterans in public and private employment. On its surface, it is appealing because at least theoretically it proposes to accomplish what we all desire. But realistically, in order to protect the interest of the Vietnam as well as all veterans, an objective, unemotional, approach is required.

There is no question but the objectives which would purportedly be obtained are extremely desirable. The problem is that some of the provisions of the bill raise queries which must be answered aloud. For example, the money goes to the employer, not to the veteran. Does this provide a possibility for unscrupulous employers who have veterans on their staff terminating their employment and rehiring them in order to benefit from the provisions of the proposed legislation? Is it equitable the 10-year delimiting period for those who want to use this program should be waived or removed? This would lead to another definition of who is a veteran. As it is, the bill has four different definitions of Vietnam veterans.

While we favor in theory the concept of H.R. 5581, we are of the impression that considerations must be accorded to the matters we have advanved as well as to such considerations as the fact that a targeted tax job credit program is in effect which gives a tax break to employers of up to $6,000 for the first year for each Vietnam or disabled veteran hired.

And AMVETS, as reiterated on numerous occasions, is dedicated to service to all veterans regardless of their period of service. Being concerned with all veterans of all wars, we must raise the rhetorical question as to whether theoretically and questionably assisting approximately 100,000 Vietnam Era veterans as proposed under H.R. 5581 would result in denial of much needed funds which would assist all veterans be it in compensation, pension or health care benefits. This concludes my remarks. Thank you.

STATEMENT OF GABRIEL P. BRINSKY, AMVETS, NATIONAL SERVICE AND LEGISLATIVE DIRECTOR

Mr. BRINSKY. Thank you, Mr. Chairman, distinguished members of the subcommittee.

AMVETS appreciates this opportunity to present its views relating to the veterans vocational rehabilitation and educational programs as provided in title 38, United States Code, chapters 31, 32, 34, 35, and chapter 36.

We were highly pleased with H.R. 5288 which has corrected the more glaring deficiencies in the vocational rehabilitation program. The bill embodies the major recommendations of the excellent study made by the Veterans' Administration, as mandated by Public Law 95–202. Among other things, it redefines the purpose of vocational rehabilitation from that of restoring employability to the placement of the individual in suitable employment. It also modifies the maximum period permitted for rehabilitation.

We are disappointed, however, that the House of Representatives did not deem it advisable to adopt the recommendation of the Veterans'

Administration that there should be no delimiting date. Presently, under chapter 31, there is a 9-year delimiting date which may be extended but only under certain circumstances, including cases of seriously disabled veterans. As a result, those veterans who are less than "seriously disabled" but who are in need of rehabilitation are denied. The delimiting date defeats the purpose of vocational rehabilitation because it ignores the fact of continuing need.

As AMVETS has previously testified, we feel that it fails to take into consideration a basic medical principle which is that disease and injuries do not remain at static levels of disability. A disease or injury noncompensably disabling at the expiration of the delimiting date may increase in severity qualifying the veteran for need for vocational rehabilitation but which is denied because it is beyond the delimiting date.

AMVETS favors H.R. 6165 which was introduced by the chairman of this subcommittee and by the Honorable Ray Roberts, chairman of the full committee. This bill would permit a small number to participate in chapter 32 benefits who are now excluded. There is a small group who initially had active duty service before January 1, 1977, and are still on active duty, who are not eligible to participate in chapter 32 benefits. There are some, however, amongst those who had served less than 181 days before January 1, 1977, who were discharged and have subsequently reenlisted after January 1, 1977. This bill, in our opinion, would correct what we consider to be an existing inequity under the present law.

H.R. 6166 basically provides the vehicle for the distribution of contributions which have been made under chapter 32 where the participating serviceman dies before using the money for his or her education and training.

To provide the manner of the distribution of such moneys is desirable and needed. AMVETS is in complete agreement with the manner of disbursement provided by the bill.

We are in sympathy with the intent of H.R. 6168, which is to propose a 15 percent cost-of-living increase for veterans' education and training programs. In our view, it is anachronistic since the rate of inflation has far exceeded 15 percent since the prior increase in benefits accorded in October 1977.

Was that the gong, Mr. Chairman?

Chairman Hefner. Yes, sir.

Mr. Brinsky. Five minutes has gone by already?

Chairman Hefner. How much more time——

Mr. Brinsky. Well, I will submit this for the record, Mr. Chairman.

Chairman Hefner. We don't mean to gag anybody or cut anybody's testimony off, but we are trying to get all the witnesses in because some have come a long distance.

Your entire statement will be part of the record, and we will be very brief as far as questions go, and I regret that we are having to restrict time.

We do thank you for coming.

I only have one question. I think I asked one of the other witnesses. Do you believe that if existing educational and employment programs could be made to work better, this would eliminate the need for new legislation?

Mr. **Brinsky.** Well, we may need additional legislation, in my opinion, but I don't believe the answer is in the bill that has been proposed, H.R. 5581.

The reason I say this, Mr. Daschle was asking about what some of the pitfalls might be, and one that occurs to me is, you might be dealing with unscrupulous employers who may have veterans on their rolls, and terminate their employment merely to bring them in under this bill.

There are other reasons as well as the fact that it might be open to abuse. As has been pointed out here, almost any program that we have has been subject to abuses in the past; some of it was part of growing pains.

Chairman **Hefner.** Thank you, Mr. Brinsky. I have no further questions. I will ask that the record be kept open so that other members may have a chance, if they like, to submit questions to you, sir.

At this time, I will yield to Mr. Daschle.

Mr. **Daschle.** Thank you, Mr. Chairman.

I don't have any questions except to indicate that in H.R. 6327, we deal very clearly with the concern that you have, Mr. Brinsky. We require that a veteran be retained for at least 9 months following the final voucher period, which would then preclude the employer, of course, from eliminating that employee. It is obviously the same amount of time that would be used with the GI bill.

So, we require nothing more from the employer than we do from the educational facility, and yet we make sure that the concern that you address, which is a reasonable concern, is amply cared for.

I thank you again for testifying this morning.

Mr. **Brinsky.** Thank you.

Chairman **Hefner.** Thank you, Mr. Brinsky, for being with us.

We have some logistical problems for some folks with us who have some other commitments, and we are going to get to everybody. However, the last time that these gentlemen were here to testify—I believe it was the time that Mr. Begin and Mr. Sadat were in town, they were preempted, I believe, on that occasion, and they have some problems since they have traveled quite a distance.

So, with the indulgence of the other people who are testifying, if I may use the prerogative of the Chair and do one switch here, I would like to do a little quick shuffle and move up some of our people who are testifying from North Carolina—and I don't do that in a parochial sense at all [laughter]—but, if I may I would like to call, at this time, from Ashville-Buncombe Technical Institute, Asheville, N.C., Mr. Jack Davis, vice president for student services, and South Carolina State Board for Technical and Comprehensive Education, Columbia, S.C., Mr. James A. Kiser, Jr., consultant.

We are happy to have you gentlemen here with us, and so that we can save our scalps for moving ahead of these other folk, if you will be as brief as you possibly can, we would certainly appreciate it, and we are happy to have you with us today.

Mr. **Davis.** Thank you, Mr. Chairman. We will submit our report for the record, and we will be very brief.

Chairman **Hefner.** Without objection, it will be a part of the record.

[The statement follows:]

PREPARED STATEMENT OF JACK DAVIS, VICE PRESIDENT FOR STUDENT SERVICES, ASHEVILLE-BUNCOMBE TECHNICAL COLLEGE, ASHEVILLE, N.C.; AND JAMES A. KISER, JR., CONSULTANT IN STUDENT SERVICES FOR THE SOUTH CAROLINA STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION, COLUMBIA, S.C.

Mr. Chairman and members of the Committee. I am Jack Davis, Vice President for Student Services of Asheville-Buncombe Technical College in Ashville, North Carolina. Accompanying me is Jim Kiser, Consultant in Student Services for the South Carolina Board for Technical and Comprehensive Education, Columbia, South Carolina. Along with Niles Compton of Fayetteville, North Carolina, we form a two-state committee to represent the interests of our veterans. We have had the priviledge of speaking to you before, and we appreciate this opportunity.

We wish to offer support for H.R. 6165, H.R. 6166, and H.R. 6167. These Bills will clarify procedures concerned with the implementation of the programs involved; and, in the case of H.R. 6165, Chapter 32 will be brought in line with Chapter 34 eligibility. In each case, passage of the Bill should greatly reduce potential problems for all concerned.

We strongly support the increase in educational benefits provided by H.R. 6168. Educational costs, as all other costs, have increased drastically in recent years; and our veterans have not been granted an increase in nearly three years. We realize that the fifteen percent increase will cost approximately $407,000,000; but the double-digit inflation we are experiencing makes a lesser increase unrealistic.

H.R. 5581 and H.R. 6327 would both provide assistance to a certain segment of the veteran population, but we oppose their passage at this time. We feel that the general increase for all veterans should take precedence. I am sure we would all agree that two or more high-cost Bills would have little chance of passage through Congress this year. Further, we feel that each of these Bills would be open to abuse and that monitoring problems created would be severe.

In recognition of the problems facing the veterans targeted by H.R. 5581 and H.R. 6327, we urge increased utilization of on-the-job training and apprenticeship training. These programs are well-established and effective; and with additional promotion through the informational services now being utilized by the Veterans Administration, they should show an increased rate of participation. We might add that the informational services of the Veterans Administration have greatly improved in recent months.

We would like now to focus on H.R. 5288 and its companion Senate Bill S–870 which are still pending from last year. We were pleased that this Committee saw fit to alter much of the legislative proposal submitted by the Veterans Administration. We were disturbed, however, that the Senate Committee apparently adopted the Veterans Administration's proposal in toto. It is our purpose here to support much of H.R. 5288 and to offer views which we hope will strengthen your Committee's position when these Bills come to conference.

Let us state at the outset that we concur with many of the recommendations made in the Veterans Administration's legislative proposal. We feel that some are well-founded, and passage of many provisions will be in the best interest of the veteran.

We are compelled, however, also in the best interest of the veteran to offer vigorous opposition to the proposed changes in the Fifty Percent Placement Rule as indicated in S–870; and we endorse H.R. 5288 in this regard with one exception. These proposals show an alarming lack of insight and most of the supporting statements given by the Veterans Administration apply only to those few schools which wish to exploit the veteran students. Other statements apparently are outright figments of someone's imagination. (Specific references made later.)

The first change recommended by the Veterans Administration would exempt schools having 35 percent or fewer veterans and which have shown "a history of compliance with the employment requirement for the preceding two consecutive reporting periods." We concur with the 35 percent portion of the recommendation (as a matter of fact, we suggested this to the Veterans Administration some time ago), but we feel that bare minimal compliance in placement is inadequate. Reputable schools would be embarrassed to show only 50 percent placement, and disreputable schools would have no difficulty in altering statistics to show minimal compliance.

The second change proposed by the Veterans Administration would require the veteran to be employed full-time in the field for which he was trained. It is beyond the control of institutions to require any graduate or former student to accept full-time employment even though the schools can show that full-time jobs are available to the students. Any suggestion that such a test is a valid appraisal of a course or curriculum is absurd.

The third proposed change would include in the placement survey all students who initially enrolled in a course. Of all proposals we have heard by the Veterans Administration, this one is the most ill-conceived. First, there is probably no school in the Country which would meet such a requirement; and the result will be the disenfranchisement of all veterans who wish to enroll in a vocational course. The proposal makes one wonder if the purpose of the recommendation is to prevent veteran enrollment in such courses. This comes at a time when there is an obvious national trend toward skill development and the certain knowledge that persons having specific skills are in high demand.

It should be noted that these changes actually amount to a not-so-subtle attempt to allow the Veterans Administration to approve or disapprove courses based on the Veterans Administration's own criteria for course validity. We would like to point out that the schools we represent are accredited by the Southern Association of Colleges and Schools, and all courses of concern have been evaluated and approved for veteran participation by the appropriate state approval agency. (The latter agency being the one mandated by law to approve courses for veterans.) The continual attempts by the Veterans Administration to impose additional restrictions on schools offering vocational courses implies that they have no confidence in the ability of the above mentioned organizations to adequately perform their function. We submit that these agencies do an outstanding job and possess pertinent data and expertise which makes them uniquely qualified to ensure quality education for veteran students. In Mr. Thornton's testimony before this Committee last year, he made the following statement:

"Usually, the reasons for high attrition are due to the fact that schools may be promising too much and delivering too little in the way of vocational services or that the services do nothing to further enhance the individual's employability."

No attrition study with which we are familiar has ever implied that that statement is anything but a fabrication and strengthens our belief that approval of courses is currently in the right hands.

Another statement made by the Veterans Administration in support of including all enrollees in the survey requirement is that such inclusion would "eliminate the practice of some schools of disenrolling a student prior to graduation in an effort to avoid having to include the student in the survey." In our cumulative experience in education, we have never heard of such a practice. To disenroll a student prior to graduation without valid reason would most assuredly lead to a lawsuit. Further, it is our judgment that, if the Veterans Administration has identified schools which use this practice (or any other unethical procedures), it should take the necessary and available steps to cause withdrawal of approval of that school. To even insinuate that such a practice is common throughout the Country in an effort to pass national legislation is an insult to the educational community and, no doubt, will contribute to the deterioration in the relationship between the Veterans Administration and our schools.

As we stated previously, persons with specific skills are in demand in ever increasing numbers. It should be carefully noted that the unemployed, underemployed, disadvantaged, and minority veterans constitute the largest group of veterans remaining to be served. Courses of a skill development nature are less theoretical, shorter in duration, and offer immediate employment; so they naturally attract the veteran described above. At a time when a national effort is being directed toward assisting the disadvantaged and minority veteran—with the Veterans Administration at the forefront—it is mystifying why the Veterans Administration proposes a change in the law that so obviously will have the net effect of making the disadvantaged veteran even more disadvantaged.

We wish to stress that all of the concern expressed above is in no small measure caused by the law itself. The Code states that a veteran may pursue an "educational, professional, or occupational objective." Even a cursory look at regulations and restrictions will show that those pursuing the so-called occupational objective receive grossly discriminatory treatment. One minor, yet significant, example of this is attendance reporting. Veterans pursuing an educational or professional objective are subjected to absolutely no concern about attendance; yet, there are examples of veterans with perfect attendance in vocational programs who still lose pay as a result of being charged with excessive absence.

We submit that, without regard to the type of educational program chosen by a veteran, his objective is to obtain an occupational qualification. We see no reason why different treatment is afforded those choosing a vocational course.

RECOMMENDATIONS

First. Alter the Fifty Percent Placement Rule to allow exemption for those schools which have 35 percent or fewer veterans and have for two or more consecutive reporting periods shown a placement rate of 60 percent or higher. Further, we strongly recommend that the survey continue to include only graduates in those schools not exempt.

Second. Delete from the law all reference to "educational, professional, and occupational" objectives; and cause the Code to reflect the fact that veteran students should be treated equally without regard to the educational approach they choose to pursue.

It is our firm view that, unless the Veterans Administration is caused to leave the educational process to those most qualified to set standards and provide the education to veterans, the day will soon come that institutions of higher learning will reject the excessive controls and refuse to participate in the program. We hope this will not be allowed to happen.

Mr. Chairman, this concludes our testimony. We will be happy to answer any questions you or the Committee may have.

STATEMENT OF JACK DAVIS, VICE PRESIDENT FOR STUDENT SERVICES, ASHEVILLE-BUNCOMBE TECHNICAL COLLEGE, ASHEVILLE, N.C.

Mr. DAVIS. Thank you, Mr. Chairman.

Quickly, we wish to support H.R. 6165, 6166, and 6667. We strongly support the increase in educational benefits provided by H.R. 6168 because of the increase in educational costs, and our veterans have not had an increase in nearly 3 years. We would support that very, very strongly.

We won't make much comment about H.R. 5581 or H.R. 6327, simply because we feel that two or more high-cost bills have very little chance of passage through Congress this year.

We would like to move on quickly, to provide this committee with some ammunition, you might say, when the legislation pending from last year comes to conference, and we would hope that this would happen quite soon.

We'd like to point out a few fallacies, we feel, in the Veterans' Administration legislative proposal that are contained in the Senate bill S. 870. We state at the outset that we concur with many of the recommendations made by the Veterans' Administration proposal, and we feel that some are well founded, and passage of many of the provisions would be in the best interest of veterans. We are compelled, however, in the best interest of the veteran, to offer vigorous opposition to the proposed changes in the 50 percent placement rule as indicated in S. 870, and we endorse H.R. 5288 in this regard, with one exception.

These proposals show an alarming lack of insight, and most of the supporting statements given by the VA apply only to a few schools which wish to exploit the veteran students.

Other statements are apparently outright figments of someone's imagination. The first change recommended by the VA would exempt schools having 35 percent or fewer veterans, and which have shown "a history of compliance with the employment requirement for the preceding two consecutive reporting periods."

We concur with this 35 percent portion of the recommendation. As a matter of fact, we suggested this to the VA a couple or 3 years ago but, significantly, I think, we feel that bare minimal compliance in placement is inadequate. Reputable schools would be embarrassed to show only 50 percent placement, and disreputable schools would have no real problem at all in meeting this minimum figure.

The second change would require that all veterans be employed full time in the field, and this is not within the purview of the schools to require this at all.

The third proposed change would include in the placement all students who initially enrolled in the course. Of all proposals we have heard by the VA, this one is the most ill-conceived. First, there is probably no school in the country which would meet such a requirement, and the result will be the disenfranchisement of all veterans who wish to enroll in a vocational course.

The proposal makes one wonder if the purpose of the recommendation is to prevent veteran enrollment in such courses. This comes at a time when there is an obvious national trend toward skill development and the certain knowledge that persons having specific skills are in high demand.

It should be noted that these changes actually amount to a not-so-subtle attempt to allow the VA to approve or disapprove courses themselves when you already have in existence the State approval agencies, the Southern Association of Colleges and Schools or national accrediting associations, which do this quite well.

Mr. Thornton testified before this subcommittee last year and made this statement:

> Usually, the reasons for high attrition are due to the fact that schools may be promising too much and delivering too little in the way of vocational services or that the services do nothing to further enhance the individual's employability.

We know of no such study that supports this statement. Another statement made by the VA says the inclusion of all the enrollees in the requirement would "eliminate the practice of some schools of disenrolling a student prior to graduation in an effort to avoid having to include the student in the survey."

In our cumulative experience in education, we have never heard of such a practice. To dismiss a student in this manner would certainly lead to lawsuits.

We would like to move on at this point—I heard the gong, Mr. Chairman—to point out to this subcommittee the fallacy of having professional, educational, and vocational objectives written into the law, and to show how, in one instance, the veterans in vocational programs are grossly discriminated against.

We have one example here that we can point out where a veteran may have perfect attendance throughout the entire year and still lose GI benefits due to excessive absences.

That sounds like a contradictory statement, but it isn't, and we have the facts that can prove that. We also, in our own State—and we are checking this out to see the legality of it—the situation where a vocational student who has gotten an overpayment and reenrolls in school must make a full reimbursement of that overpayment before he can start school.

His brother may be in a technical or degree-type program, have the same amount of overpayment, and he is allowed to pay it back on a monthly basis when he reenrolls in school.

We feel that we would like to see the subcommittee take a close look at the discrimination imposed by the law in having professional, educational, and vocational objectives.

Thank you, Mr. Chairman.

Chairman HEFNER. Mr. Kiser?

STATEMENT OF JAMES A. KISER, JR., CONSULTANT IN STUDENT SERVICES, SOUTH CAROLINA STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION, COLUMBIA, S.C.

Mr. KISER. One of the reasons that we supported so strongly this committee's stance regarding the 50-percent survey, and some of the other provisions in the bill, and hope that you will stand your ground whenever you do go to conference regarding that, really does relate to the future of our vocational programs, and their being allowed for veterans benefits.

We feel that if the provision in the Senate bill were to pass regarding the more restricted version of the 50 percent survey, we are afraid that it would disallow over 62 vocational programs in South Carolina for veterans benefits.

Chairman HEFNER. You didn't elaborate on H.R. 5581 to any degree. Would the proposals in H.R. 5581 be helpful to persons taking training in one of your technical colleges, in your opinion?

Mr. DAVIS. No, sir; I don't think so. Our people are about 100 percent employed anyway, when they graduate.

As I say, we don't choose to elaborate much on that. The basic thing is that we don't feel like it has a chance of passing because of the funding attached to it, two relatively high cost bills with $407 million for the 15 percent increase, which would be across the board, in effect, to all veterans. And the chance of another one coming along behind it and passing at the same time is very slim, in our judgment, so we just chose not to elaborate.

Chairman HEFNER. In other words, I think what you are saying is that you have no quarrel with the concept of it, but you're talking about the funding of it.

Mr. DAVIS. Well, we have some quarrel with the concept of it. We think it is unlikely to pass at this time, so we just choose not to elaborate.

We do feel that the present VA proposals, or rather VA programs, apprenticeship and on-the-job training, although they are not working as substantially as they were in the past, can be beefed up through the informational services.

A lot of the problems we have with the veterans, they just don't know what is available. I've had them come in the school and say, "Well, they told me when I got out of service that this was available, and I've come here to find out exactly what it is all about." And we do this a lot with the on-the-job programs and the apprenticeship programs.

Chairman **Hefner**. Mr. Daschle?

Mr. **Daschle**. I guess I don't understand—you say you have conceptual problems with the job voucher program, but then you say, "Well, it's not going to pass anyway." I guess I would argue with you that it isn't going to pass. I'm very hopeful that it will pass, but what are your conceptual problems?

Mr. **Davis**. Well, our conceptual problems are that an employer who has a valid job and a person available to take the job is going to hire that person if that person can make money for that employer.

Now, these folks who are hardcore unemployed, in our judgment, don't fit that category. Most employers are reluctant because they haven't shown that they can make money for that employer. That is the basic conceptual problem we have with it.

Mr. **Daschle**. Obviously, you are cognizant of the fact that many employers use the fact that they have to pay minimum wage to teenage employees and some quasi-unemployables, and then that causes them not to employ anybody at all.

I've talked to employers who have clearly indicated that with some kind of incentive, they would be more than happy to hire additional people because, many times, the employers themselves are underemployed, in the sense that they don't have enough employees, and that this incentive would provide them with that.

So, it flies in contrast, I think, a little bit to what you are saying, that if they have a job, they will hire someone. The fact is, they don't have the money, sometimes, to hire the people they would like, or all the people they would like. Is that not true?

Mr. **Davis**. I can't speak to that point, sir.

Mr. **Daschle**. OK.

Mr. **Davis**. Mr. Kiser would like to make a comment about it.

Mr. **Kiser**. If I may make one comment. I would like to pinpoint the word "unemployable" for just a minute. I know that you used it, Congressman Sawyer, I believe, a few minutes ago, and I think it is a very apt statement. We are talking about people who are unemployable because even if employment were available, they would not be successful.

They are people who do have scores of other needs in order to be ready to become employed. We see it not only in Vietnam-era veterans, but also in other students, who come to our doors, at our schools.

They are people who need a lot of help in developing communications skills, self-concept development, the whole range of social skills that they need to work on. We provide programs, by the way, to assist people in developing those; they are called developmental studies kinds of activities.

These are really pre-employment kinds of services, and should be stressed more because we are talking about people, as I said, who I am afraid would still not be employed under this legislation, without some kind of help to get them ready for the needs that they are going to be facing as they work with other people, which is one of the largest problems that we have in the labor market; quite often, it is being able to communicate and work with others.

Mr. DASCHLE. I don't disagree with that, it is just that here you are talking about a spectrum and one can't generalize about all the underemployed or unemployed people and say that they are hard rock nonemployables or unemployables.

There is a spectrum there. Some just have not been able to find the right niche yet. It goes back to what the chairman was saying, that these veterans have to be found and, additionally, I think, have to be trained for programs.

But we're hopeful that we can find a system that works better than the ones available now. I believe as strongly as I'm sitting here that the ones that we have now are not working, partly, because of the conceptual problem rather than a problem of poor administration or lack of support.

Again, I want to thank you for your fine testimony.

Mr. KISER. Thank you. We appreciate your efforts on behalf of veterans, as well as those of Mrs. Heckler. We have been very interested in some of the kinds of activities that you have engaged in in the past.

Chairman HEFNER. What is the status of the students who go through your school, as far as employment goes? What is the employment——

Mr. DAVIS. Our surveys historically run anywhere from 86 to 100 percent.

Chairman HEFNER. That's pretty good.

Mr. DAVIS. Darn good.

Chairman HEFNER. Thank you, gentlemen, for being with us. We apologize for the last time you were here, and hope it was worth your while to be with us. It certainly was worth our while to have you come and testify before our subcommittee.

Thank you very much.

Mr. DAVIS. Thank you, Mr. Chairman.

Chairman HEFNER. Our next witness is Mr. John Fales, employment director, Blinded Veterans' Association. We apologize for the delay and hope we haven't caused you any problems. Your written statement will appear at this point in the record.

[The statement follows:]

PREPARED STATEMENT OF JOHN FALES, JR., EMPLOYMENT DIRECTOR BLINDED VETERANS ASSOCIATION

Mr. Chairman and Members of this distinguished Subcommittee. On behalf of the Blinded Veterans Association I wish to express my sincere appreciation for having this opportunity to appear before you today.

The Blinded Veterans Association highly commends this distinguished Subcommittee for its interest in the Veterans Administration viable educational and training programs, chapters 31, 32, 34, 35, and chapter 36, Title 38, United States Code.

The BVA concurs with the Veterans Administration and the committee on Veterans Affairs, that there is a need for the modernization and improvement of the VA's vocational rehabilitation programs. There is no doubt that one of the major deficiencies of the VA's most cost effective programs is the lack of job placement assistance to veterans who have trained under Chapter 31. Presently, the stated purpose of vocational rehabilitation is restoration of employability. HR 5288 would expand the concept, enabling the disabled veteran to "obtain and maintain suitable employment". Placement and postplacement services are essential in the vocational rehabilitation process and must be provided for those participants who have trained under Chapter 31.

According to the VA's recent study on vocational rehabilitation, many disabled veterans choose to use Chapter 34 benefits rather than Chapter 31 benefits because of the greater subsistence allowance provided under the former. Although HR 5288 includes an increase of 17 percent in Chapter 31 subsistence allowance to narrow this gap, the Blinded Veterans Association believes this is inadequate. The subsistence allowance under Chapter 31 should be commensurate with the subsistence allowance under Chapter 34.

In the experience of the Blinded Veterans Association, an additional reason why disabled veterans choose to participate in the Chapter 34 program rather than in the Chapter 31 program is that they are unaware that they are eligible for Chapter 31 benefits. The VA must insure that every compensatory veteran who applies for educational benefits is notified of his entitlement to Chapter 31 benefits and the advantages of enrolling in this program.

The BVA is in favor of HR 6165 which would allow certain veterans who presently are not eligible because of a technicality in the present law to participate in the contributory educational assistance program. We believe the intent of the law was not to exclude veterans who currently are serving in the Armed Forces, who happened to have had a previous term of service, and we support the removal of this inequity.

The BVA also supports HR 6166. We believe that the proposed method of disbursement of the unused portion of Chapter 32 benefits due to the enrollee's death is more equitable than the method provided for under present law.

The Blinded Veterans Association is encouraged by the Congressional Veterans Committee and the Veterans Administration's support for an extension of the delimiting period for educationally disadvantaged veterans. However, in the future, the BVA would like to see the extension of the delimiting date for all Vietnam-era veterans who have not used their Chapter 34 entitlements. For various reasons, 1.5 Million Vietnam-era veterans who have failed to take advantage of their Chapter 34 benefits. The Blinded Veterans Association strongly feels that need, not time, should be the criteria for earned educational and training benefits.

Additionally, Title 38 states that no Chapter 34 benefits can be used after 1980. This discriminates against Vietnam-era veterans who fought in the Vietnam War and remained in the military. Some of these individuals are still in the Service and when they are released from active duty, they will not have the full ten years in which to use their GI Bill entitlements.

And finally, in regard to Chapter 34, the Blinded Veterans Association strongly supports HR 6168 which proposes a long overdue 15 percent increase in educational assistance allowance.

We also believe that spouses and surviving spouses eligible for Chapter 35 benefits should receive an extension in their eligibility for educational assistance equal to the period of time in which they were responsible for the care of a preschool or disabled child or the disabled veteran.

The Blinded Veterans Association has briefly studied the following proposed legislation, and we offer these opinions: The BVA is against HR 6327 and HR 5581, because we feel that they duplicate programs administered by the U.S. Department of Labor and other federal agencies. The BVA supports HR 6167 which would preclude tutorial assistance to eligible veterans by certain family members.

Mr. Chairman, the Blinded Veterans Association wishes to thank you and your distinguished Subcommittee for the many hours devoted to this important legislation which would insure that our nation's veterans reach their full potential and rightful place in our society.

STATEMENT OF JOHN FALES, JR., EMPLOYMENT DIRECTOR, BLINDED VETERANS ASSOCIATION

Mr. FALES. I want to first introduce Dan Howley, special assistant to the administrative director of the Blinded Veterans Association.

On behalf of the Blinded Veterans Association, I wish to express my sincere gratitude for having this opportunity to appear before you today. The BVA commends you for the work you and your fine staff has done on the vocational rehabilitation bill. H.R. 5288 is an excellent approach to getting our disabled veterans back into the work force, and many of the changes are going to be beneficial to our members and to all disabled veterans.

I notice in H.R. 5288, you have a 17 percent increase to narrow the gap between chapter 31 subsistence allowance and chapter 34 subsistence allowance. We think that is a step in the right direction, sir, but we do feel that the chapter 31 subsistence allowance should be commensurate with the chapter 34 benefits.

I think one of the major deficiencies in this program, and why the disabled veterans are not taking advantage of chapter 31 benefits, is that they just don't know about the program. We implore the Veterans' Administration to evaluate every individual who applies for chapter 34 benefits and, if he is a disabled veteran, let him know about this wonderful program.

I would like to now address an area of concern shared by the Blinded Veterans Association, the Veterans' Administration, and the veterans committees. That is that the major deficiency of chapter 31 is the lack of job placement activity. I am very happy that you are addressing this issue.

I think by changing the language in H.R. 5288 to read "employed" instead of "employable" is another step in the right direction.

I know one of the major concerns of the Blinded Veterans Association, this committee, and the Veterans' Administration, is a lack of job placement, and I feel, unfortunately, in disagreement with those two bills, the job voucher program and the other bill, H.R. 5581.

I believe in the concept of the voucher program. It has worked in the past, in the Labor Department. In fact, it was so successful that an individual veteran going with this voucher would—the employer would not even accept the voucher. He would just train and employ this individual.

I am against these two bills because they are duplication of other Federal programs and, hopefully, they can keep that in the Labor Department, gear the funds specifically toward veterans, such as this voucher, and make it work.

Mr. Chairman and distinguished members of the committee, you have my written statement and, if you would like to ask any questions, I would be happy to answer them.

I do want to take this time to thank Congressman Daschle for introducing legislation for the White House Conference on Veterans. I think that would be an excellent approach also.

Thank you.

Chairman HEFNER. Thank you, Mr. Fales.

I have no questions. I appreciate your being here with us today, and appreciate your patience in waiting. I yield to Mr. Daschle.

Mr. DASCHLE. Mr. Chairman, I want to thank Mr. Fales, too, and I guess I wish I could thank him for his support for the two bills, as he has thanked me for my support of his bill. Unfortunately, that doesn't seem to be the case, and we will have to learn a little bit more about log-rolling, as time goes on. [Laughter.]

Chairman HEFNER. Thank you for being with us, Mr. Fales.

Our next witness is Paralyzed Veterans of America, Inc., Mr. Jerry Jones, who has been before our subcommittee before, and we are happy to have you with us again today, Mr. Jones.

Your entire statement will be part of the record, and you may proceed in any way you see fit, sir.

[The statement follows:]

Prepared Statement of Gerald Jones, Deputy Executive Director, Paralyzed Veterans of America

Mr. Chairman and distinguished members of the Subcommittee, it is a privilege to appear before you today to present the views of Paralyzed Veterans of America concerning veterans' education, training, and employment programs administered by the Veterans' Administration.

PVA greatly appreciates the recent efforts by the members of this Subcommittee to improve the vocational rehabilitation program offered in Chapter 31 of Title 38, United States Code. The passage of legislation such as H.R. 5288 is a needed and meaningful element in upgrading the educational and training opportunities and services for America's disabled veterans.

Many of the provisions of H.R. 5288 are indicative of an awareness of the changing needs of veterans and demonstrate insights into the most modern concepts of comprehensive rehabilitation. Hopefully, action will soon be taken by the Senate on similar proposals, S. 1188 and Amendment 1661 to S. 1188, and we trust that these vital changes to the vocational rehabilitation program can soon be implemented.

Corresponding to these proposed improvements to Chapter 31 are other much needed changes to the existing programs for education and training. The present programs and benefits provided for by Title 38 are failing to meet the needs of many eligible veterans, frequently those individuals most in need of educational training and employment services.

One of the most successful, on-going education programs available to veterans has been Chapter 34, the "G.I. Bill." By providing for the continued education of many veterans, Chapter 34 has been the major means of assisting individuals return to the job market on a competitive basis and has enhanced the productivity and financial security of countless veterans.

For Chapter 34 to continue as a viable source of educational assistance for veterans it must be structured to meet the changing demands of today's educational system. PVA strongly supports passage of H.R. 6168, the "Veterans Education Amendments of 1980." The rapidly escalating expense of education, including the direct costs of tuition, books, and supplies, and the inflationary pressures on daily living expenses dictate that monthly benefits be increased to meet these financial demands.

The increase of approximately 15 percent in Chapter 34 benefits will greatly help veterans meet these rising costs and the declining number of beneficiaries should reduce the impact such an increase would have on the federal budget.

PVA recommends that consideration also be given to the changing nature of certain academic programs. Many veterans who are employed are enrolling in evening or weekend programs which are designed to lead to the fulfillment of standard degree requirements but are structured in non-traditional ways. Frequently veterans enrolled in these programs do not meet the requirements to receive benefits equivalent to those enrolled in traditional programs. Intensive weekend or evening instruction provides the same material as do traditional daytime courses but fail to meet the existing requirements for full-time status. The inherent inequity in precluding veterans enrolled in such programs from receiving equal benefits serves as an obstacle to those desiring to improve their educational and occupational qualifications.

Another disturbing aspect of the Chapter 34 program is the elimination of on-campus veterans' representatives. In a time of fiscal austerity and declining veterans' enrollment it is obvious that certain personnel reductions are necessary. However, the concomitant emphasis on out-reach programs mitigate in favor of some form of campus representation by the Veterans Administration. Those veterans who have not utilized or are just beginning to utilize the educational benefits available under Chapter 34 are frequently those most in need of services and counseling by the VA.

Of all the educational and training programs presently being considered, the provisions of H.R. 5581, the "GI Bill of Employment Rights," are, perhaps, the most significant and vital if the needs of Vietnam era veterans are to be served. H.R. 5581 is a long overdue legislative proposal which addresses many of the problems expressed by Vietnam era veterans.

PVA strongly endorses the passage of H.R. 5581 because for too long educational and training programs of Title 38 have been directed at assisting primarily those veterans with traditional goals and values concerning education and employment. H.R. 5581, through its proposed programs of out-reach and encouragement of on-the-job training, seeks to redress many of the problems encountered by veterans with little proclivity or preparation for advancement through the traditional educational system.

Frequently veterans who served in the Vietnam theater received training in skills for which there was no civilian requirement. These veterans often entered the service of their nation with no marketable job skills, received none while in the military, and were discharged suffering from readjustment problems. Traditional Title 38 benefits offered little enticement for these individuals to seek VA services.

The increased emphasis of on-the-job training provided for in H.R. 5581 and the waiving of existing delimiting periods furnish a much needed alternative to Vietnam era veterans who have not exercised their present options contained in Title 38. There veterans, many of whom are presently employed or underemployed, would be afforded the opportunity to return to productive, rewarding lives.

PVA must stress, however, that the passage of H.R. 5581 needs to be accompanied by a corresponding commitment to implementation. Many of the veterans in need of this assistance are alienated, distrustful of their government and its bureaucracy, and have been forced to the perimeters of mainstream society. Traditional means of promotion, recruitment, and counseling for this program would seem to miss many of those most in need of this assistance. Innovation and dedication to the needs of these veterans are required if the provisions of this proposal are to accomplish their goals.

The programs of career development and advancement and career development and training may well be the last opportunity available to many Vietnam era veterans for entry into satisfying and productive occupations. Prolonged periods of underemployment or unemployment frequently lead to the dimunition of sense of self and a vigorous out-reach program must be carried out if veterans in need of such assistance are to take full advantage of these programs.

Section 2141 of H.R. 5581 is of great importance in achieving the goals of this legislative proposal. Reaching veterans in need of this program poses a significant obstacle in its overall effectiveness. The utilization of various government agencies in a comprehensive out-reach program is essential if the maximum number of eligible veterans are to be served by the provisions of H.R. 5581.

Section 2103(c) needs additional consideration in that the $13,000 earnings ceiling may preclude certain veterans in need of this proposed program. While $13,000 is an adequate cutoff for single veterans with no dependents it assumes that this income is the result of only one income source. Frequently a veteran with several dependents working in a relatively low-paying position with little or no provision for advancement must take a second or third job to supplement the income necessary to provide for his or her family. This veteran could be well served by this program, but greater latitude or flexibility needs to be provided in the consideration for eligibility.

Legislative proposals H.R. 6327 is also endorsed by PVA because it, too, provides assistance to the unemployed or underemployed Vietnam era veteran. Unlike the provisions of H.R. 5581 which would require employers and specific employment positions to be approved prior to their availability to eligible veterans, H.R. 6327 would encourage veterans to seek out and obtain employment as it becomes available. H.R. 6327 would allow for much greater flexibility in providing for utilization of any available source leading to suitable employment. Veterans, once they have secured an employment voucher, could seek job opportunities based on local prevailing conditions. The overall effect of H.R. 6327 would be to encourage veterans to assert independence and to more quickly respond to employment opportunities.

PVA recommends the consideration of consolidating the provisions of both H.R. 5581 and H.R. 6827 into one comprehensive program. The advantages of such a consolidation would include the provisions for out-reach and on-the-job-training and add flexibility and timeliness.

PVA opposes the passage of H.R. 6167 which would amend subsection 1692(b) (2) of Title 38, United States Code, because an individual who is qualified to provide tutorial assistance, regardless of relationship, should be compensated for providing such assistance. The quality of such tutorial assistance and the time involved in providing it should be the sole criteria for appropriate compensation. To avoid abuses of this provision a tightening of certification procedures is required, not the elimination of proper remuneration for a distinct group of individuals.

One crucial issue not addressed by the legislative proposals currently being considered is a much needed alteration of Chapter 35. PVA strongly recommends the elimination of the ten year delimiting period for a severely disabled veteran's spouse as currently specified in Section 1712(b)(1) of Chapter 35, "The Veterans' Dependents Education Program." The spouse of a severely disabled veteran is frequently confronted with additional homemaking cares, child rearing responsibilities, and financial obligations, in addition to attending to the specific requirements of the disabled veteran. All of these pressures preclude the utilization of education benefits provided for by Chapter 35. In cases where the veteran dies the spouse is frequently faced with seeking employment with no marketable skills and little or no work experience. It is at this time that the educational benefits of Chapter 35 could be of their greatest value and would accomplish the most in meeting the needs of the veteran's spouse.

PVA is grateful for the consideration given by this Subcommittee to the educational, training, and employment needs of America's veterans. The assistance provided by Title 38 has afforded many veterans the opportunity to return to productive and satisfying lives following their service to the nation and it is important that these programs continue to be improved to serve the needs of more veterans.

Mr. Chairman, this concludes my statement and I will gladly try to answer any questions you may have.

STATEMENT OF GERALD JONES, DEPUTY EXECUTIVE DIRECTOR, PARALYZED VETERANS OF AMERICA

Mr. JONES. Thank you, Mr. Chairman. I will be as brief as possible. With me today is Douglas Vollmer, who is the assistant legislative director.

I will move directly to the proposed legislation by saying that the PVA supports H.R. 6168. The increase of approximately 15 percent in chapter 34 benefits will greatly help veterans meet rising education costs, and the declining number of beneficiaries should reduce the impact such an increase would have on the Federal budget.

We are concerned about the elimination of the on-campus veterans representatives. We understand that the program will be phased out eventually. We do feel that there is a continuing need to have these representatives on the campus, especially at the larger universities and colleges.

H.R. 5581 is perhaps the most significant and vital of the proposed legislative issues. If the needs of Vietnam era veterans are to be served, we strongly endorse the passage of H.R. 5581. The proposed programs of outreach and encouragement of on-the-job training seek to redress many of the problems encountered by veterans with little preparation for advancement through the traditional educational system. However, PVA must stress that the passage of H.R. 5581 needs to be accompanied by a corresponding commitment to implementation. We feel that section 2103(c) of H.R. 5581 needs additional consideration, in that the $13,000 earnings ceiling may preclude certain veterans in need of this proposed program.

We feel that the cutoff of $13,000 is fair for a single veteran but, for a veteran with dependents who may work two or three jobs in order to provide income for his family, it would be inadequate. And in our opinion, greater latitude or flexibility needs to be provided in the consideration for eligibility.

We also support H.R. 6327; however, we recommended consolidation of H.R. 5581 and H.R. 6327 into one comprehensive program. The advantages of such a consolidation would include the provisions for outreach and on-the-job training and add flexibility and timeliness.

PVA is opposed to H.R. 6167. We believe that an individual who is qualified to provide tutorial assistance regardless of relationship should be compensated for providing such assistance. In order to avoid abuses of this provision, a tightening of certification procedures is required.

Finally, Mr. Chairman, PVA recommends amending chapter 35 to eliminate the 10-year delimiting period for spouses and surviving spouses of 100 percent disabled veteranse. When the spouse is required to attend to the veteran's needs, and also in cases where the veteran dies, the surviving spouse is frequently faced with seeking employment with no marketable skills and little or no work experience. We have brought this to the subcommittee's attention in the past, and we would encourage the subcommittee, at some point in the future, to seriously consider this amendment.

Thank you very much.

Chairman Hefner. Thank you, Mr. Jones. Thank you for your statement.

Are other existing programs for non-service-connected veterans, such as GI bill and Department of Labor programs, effective for members of your organization in helping them overcome their handicaps? Are any of those working well for people in your organization?

Mr. Jones. Well, when we look at it as helping the members of our organization, very few of our members actually attend college using the GI bill at this point. In the past, I would say that the majority of those who have used chapter 34 have been service-connected disabled veterans. The percentage of those veterans in the organization who have used chapter 34 benefits, I believe, would be between 5 and 10 percent, which is extremely low, but you have to take into account the severity of their disability. Many of these veterans would not be able to attend college on a full-time basis.

We do feel that the programs that exist are worthwhile. We recognize there are some abuses. There always will be. We do recommend that if existing programs are not working, that we be willing to support new initiatives. If current programs don't work, then let's try something else.

Chairman Hefner. You have endorsed H.R. 5288 which proposes to update and make more meaningful the vocational rehabilitation programs for the service-connected disabled veterans. I am right in that?

Mr. Jones. Yes, sir.

Chairman Hefner. Mr. Daschle?

Mr. DASCHLE. Thank you, Mr. Chairman. Mr. Jones, I want to compliment you. I thought your statement was excellent, not only because you agree, but just because I thought it was a good statement, a well-written statement.

But I want to point out here, Mr. Chairman—and this is important. The PVA is probably the organization that represents veterans who are most severely affected by our employment situation today. I think it is interesting that it is the PVA that comes forth and comes out in support of this new approach, not only because, as they say, that if you haven't got a program that is working, there is no sense in going down with the *Titanic* to find another boat, and this boat offers a great deal of potential. I think it is very helpful, indeed, to have an organization like the PVA, which represents a large sector of unemployable people, or underemployed people, or people who simply have not been able to find adequate employment, that we find support from that group of people.

Thank you, and I fully appreciate the statements you have made this morning.

Mr. JONES. Thank you, sir.

Chairman HEFNER. Thank you, Mr. Jones and Mr. Vollmer, for being with us today.

Our next witness is Mr. Darryl W. Kehrer, Director, Office of Veterans' Affairs.

You have probably been sitting there long enough that you have heard all of the instructions, so you may proceed in any way. Without objection, your entire statement will be part of the record.

[The statement follows:]

PREPARED STATEMENT OF DARRYL W. KEHRER, DIRECTOR, OFFICE OF VETERANS' AFFAIRS, AMERICAN ASSOCIATION OF COMMUNITY AND JUNIOR COLLEGES, AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES

Mr. Chairman and Members of the Committee: I appreciate this opportunity to present the recommendations of the American Association of Community and Junior Colleges (AACJC) and the American Association of State Colleges and Universities (AASCU) regarding education, training and employment programs administered by the Veterans' Administration and to consider a number of legislative proposals. I am also testifying today as Chairman of the American Association of Minority Veterans Program Administrators (AAMVPA). Accompanying me today is Mr. Robert Daniels, a veteran-student in the weekend college at Keystone Junior College, LaPlume, Pennsylvania. Mr. Daniels' statement is attached.[1]

In general, we support many of the recommendations already made by the Veterans' Administration and embodied in H.R. 5288 and S. 870. As you know the House of Representatives passed H.R. 52—the Veterans' Rehabilitation and Education Amendments Act of 1979 on October 16, 1979 and the Senate passed S. 870—the G.I. Bill Amendments Act of 1980 on January 24, 1980. With the major exception of House or Senate proposals dealing with the issue of contact hour requirements and institutional liability, these bills would largely resolve the serious problems for the nation's colleges and universities, veteran-students and the Veterans' Administration, problems which originated with the implementation of P.L. 94–502, the Veterans' Education and Employment Assistance Act of 1976.

Before discussing our specific recommendations, I would like to commend you, Mr. Chairman, this Subcommittee, and the House Committee on Veterans Affairs for your leadership in formulating the Veterans Rehabilitation and Education Amendments Act of 1979. We particularly commend the Committee for its development of the provisions for an improved and modernized vocational rehabilitation program.

---

[1] See Mr. Daniels' statement on p. 202.

I would also like to comment briefly on the positive role which colleges and universities have played in providing education and training opportunities to Vietnam era veterans. Usage under the G.I. Bill today is 65 percent compared with final figures of 51 percent and 43 percent, respectively, for World War II and Korean veterans. To date, nearly 7 million Vietnam era veterans have trained under the G.I. Bill. Vietnam era veterans in training have a 66 percent participation rate which far exceeds the rate for World War II (29 percent) or Korea (51 percent). Undoubtedly, all of the G.I. Bills have been blue chip investments for our country.

Our nation's colleges and universities are very proud to have played a role in the readjustment of Vietnam era veterans by helping them obtain the educational background and job skills needed to successfully re-enter civilian life. Since the late 1960's, colleges and universities have made many provisions to help Vietnam era veterans make a smooth transition to the college campus. Colleges and universities have developed veterans outreach programs, offices of veterans affairs, retention counseling services, deferred tuition procedures, and remedial and preparatory services.

SUMMARY

AACJC, AASCU and AAMVPA support the following:

The contact hour recommendations made to the Administrator of Veterans Affairs by the Education and Rehabilitation Advisory Committee on December 9, 1979. We recommend that it be given careful consideration.

The contact hour language adopted by the Senate in S. 870. We recommend that it be given careful consideration.

An amendment to delete the words "excessive absences from a course" from section 223(b) of H.R. 5288 and section 1785 of Title 38 U.S.C. If an educational institution is to determine excessive absences from a course leading to a standard college degree, then the institution would have to take attendance, which is in conflict with section 1775(b) of Title 38 U.S.C. which states that "nothing in this section or * * * this title shall be construed as requiring any institution of higher learning to maintain daily attendance records for any course leading to a standard college degree."

An amendment to section 223(b) of H.R. 5288 and section 1785, Title 38 U.S.C. to require that educational institutions report to the Veterans Administration discontinuance of a course by the eligible person or veteran, promptly after the institution's determination that discontinuance or interruption of a course has occurred.

Title I of H.R. 5288 which will modernize an dimprove the Veterans Administration's vocational rehabilitation program and will provide a 17 percent increase in educational benefits under the Chapter 31 program.

A targeted delimiting date extension and related counseling requirements for Vietnam era veterans as adopted by the Senate in S. 870 and also proposed, in various forms, by Mrs. Heckler, Mr. Hammerschmidt, Mr. Daschle, and others.

A 15 percent cost of living increase for chapter 34 and chapter 35 G.I. Bill trainees as introduced by Messrs. Hefner, Roberts and Hammerschmidt on December 18, 1979 (H.R. 6168).

Deletion of course completion time from the standards of progress provision in Title 38 U.S.C. per H.R. 5288 and S. 870.

Elimination of BEOG and SEOG in any 85–15 computation per H.R. 5288.

Continuation of the Vet Rep program to meet the existing needs at educational institutions and to meet VA's mandate under the law to provide outreach services to veterans who are disabled, educationally disadvantaged, elderly or incarcerated.

An averaging of cumulative standard class sessions over a term, quarter or semester, per section 305 of S. 870, as a method of determining the rate of educational assistance during practicum training or internship.

The deletion of the state matching requirement under the tuition acceleration program of P.L. 95–202 per S. 830.

The need for the Department of Defense and the Veterans' Administration to study the Veterans' Educational Assistance Program (VEAP) to analyze the low participation rate in VEAP and to determine whether to continue or revise the program.

An educational assistance allowance payment policy for incarcerated veterans as proposed by the Veterans' Administration in S. 870.

The consumer affairs program which the VA is now developing.

The continuation of the VA's Operation Boost as a nationwide effort.

Legislative proposals to implement judicial review of Veterans' Administration benefits decisions.

The need for the Veterans' Administration to systematically collect and tabulate race and sex data relative to G.I. Bill participation. Data may be collected by using the education and training application form which each veteran must fill out prior to entering training.

H.R. 6165 which would amend Title 38 U.S.C. to allow certain veterans with active duty service prior to January 1, 1977 to participate in the contributory educational assistance program under chapter 32 of Title 38 U.S.C.

H.R. 6166 which would amend Title 38 U.S.C. to provide for disbursement of unused Chapter 32 contributions upon the death of the servicemember.

H.R. 6167 which would amend Title 38 U.S.C. to preclude tutorial assistance to eligible veterans by certain family members, i.e., the eligible veteran's parent, spouse, brother or sister.

AACJC, AASCU and AAMVPA do not support the following:

H.R. 5581 because many of its proposed career development and training services already appear to be in existence in one form or another.

H.R. 6327 because on-job training opportunities are already available to Vietnam era veterans through the Veterans' Administration and through the Comprehensive Employment and Training Act.

CONTACT HOURS

Recommendation

We support the seat-time recommendation made to the Administrator of Veterans' Affairs by the Education and Rehabilitation Advisory Committee.

We recognize the merit in the seat-time language adopted by the Senate in S. 870.

Comments

The higher education community opposes the section of H.R. 5288 through which the VA would be able to legislatively impose its long-held and widely disputed concept of "seat-time" for credit hour measurement in courses offered on a quarter- or semester-hour basis leading to a standard college degree.

There are several problems with the seat-time approach to the payment of benefits. In the first place, it equates "seat time" with educational value—an equation that has no real validity. Beyond that, the codification of the VA position ignores substantial changes in the concept of a "full-time student" which have occurred in recent years. Innovative programs such as weekend colleges and concentrated courses, where the student maintains a full schedule of courses while being employed, are increasingly prevalent in colleges and universities. These programs may be particularly suited to the veteran, who typically has to work to support a family while going to school. Yet, because such programs do not meet the VA's traditional definition of full-time study, the VA maintains that veterans enrolled in them are ineligible for full-time student benefits.

This subcommittee may be aware that the higher education community is cooperating with the VA to seek a mutually acceptable alternative to the seat-time rule which recognizes the realities of current trends in the delivery of higher education programs. The alternative also recognizes the VA's responsibilities to the Congress to insure that public funds are spent responsibly. In August of 1979, the VA staff and a special subcommittee of the Administrator's Advisory Committee on Veterans' Affairs were asked to study the seat-time regulations as they related to non-traditional courses of study. The subcommittee, which was chaired by Charles B. Saunders of the American Council on Education, submitted its report to Oliver E. Meadows, Chairman, Education and Rehabilitation Advisory Committee on October 29, 1979. On December 5, 1979, the Education and Rehabilitation Advisory Committee formally adopted the seat-time recommendations and forwarded them to Administrator Cleland.

The Senate bill, S. 870, Section 350, has merit by expanding the concept of "seat-time" requirements so that more veteran-students can receive non-traditional course benefits equal to those paid students enrolled in traditional courses. The language of the VA Administrator's Education and Rehabilitation Advisory

Committee, however, would encompass nationally recognized collegiate level courses with safeguards provided to the VA and the Congress through the monitoring of level of effort by the higher education community. We support the latter language and recommend that it be given careful consideration.

OVERPAYMENTS TO VETERANS OR ELIGIBLE PERSONS

Section 1785 Title 38 U.S.C.

Recommendation

We support an amendment to delete the words "excessive absences from a course" from section 223(b) of H.R. 5288 and section 1785 of Title 38 U.S.C. If an educational institution is to determine excessive absences from a course leading to a standard college degree, then the institution would have to take attendance—which is in conflict with section 1775(b) of Title 38 U.S.C. which states that institutions are not required to take attendance.

We also support an amendment to section 223(b) of H.R. 5288 and section 1785 of Title 38 U.S.C. to require that educational institutions report to the Veterans Administration discontinuance or interruption of a course by the eligible person or veteran, *promptly after the institution's determination that discontinuance or interruption of a course has occurred.*

Comments

Section 223(b) of H.R. 5288 and section 1785 of Title 38 U.S.C. both contain a requirement that educational institutions will report "excessive absences" to the VA. The only way an institution can make such a report is to take attendance. However, section 223(e)(3) of H.R. 5288 and section 1785 of Title 38 U.S.C. state that "Nothing in this section or any other provision of this title shall be construed as requiring any institution of higher learning to maintain daily attendance records for any course leading to a standard college degree." This supports a widely accepted nationwide practice of accredited institutions of postsecondary education. Most educational institutions make a diligent effort to report to the VA any discontinuance or interruption of a course by the eligible veteran or person. However, we believe that reporting of "excessive absences" to the VA should be deleted from the law since institutions are not required to maintain daily attendance records for any course leading to a standard college degree. Institutions should not be potentially held liable for an overpayment to a veteran-student for reason of excessive absences when Title 38 clearly does not require the school to keep daily attendance records.

Another problem for educational institutions which can be addressed in section 223(b) of H.R. 5288 and section 1785 of Title 38 U.S.C. is the school reporting requirement relative to the school's drop/add period. Section 21.4203(d)(2),(3),(4) of Title 38, Code of Federal Regulations, requires schools to report an interruption, termination, and/or course change of the eligible veteran or person within 30 days of the change.

However, some institutions allow students to drop courses without having this action adversely affect their academic status, up to within two weeks of the end of the courses. This, in cases, complies with provisions of state laws. Since the VA law does not require that institutions take attendance, the registrars may not, in instances, be able to comply with the requirement of "within 30 days from the last date of the drop/add period." Institutions should not be potentially held liable for an overpayment to a veteran-student because the VA's 30-day reporting period does not give the school ample time to report a change in the student's enrollment status.

The proposed amendments to section 223(b) of H.R. 5288 and section 1785 of Title 38 U.S.C. could be accomplished as follows:

"Whenever the Administrator finds that an overpayment has been made to an eligible person or veteran as the result of (1) the willful or negligent failure of an educational institution to report, as required by this chapter or chapter 34 or 35 of this title and applicable regulations, to the Veterans' Administration [excessive absences from a course, or] discontinuance or interruption of a course by the eligible person or veteran, *promptly after the institution's determination that such discontinuance or interruption of a course has occurred,* or (2) false certification by an educational institution, the amount of such overpayment shall constitute a liability of the educational institution."

VOCATIONAL REHABILITATION

Chapter 31 Title 38 U.S.C.

Recommendation

We strongly support Title I of H.R. 5288 which will modernize and improve the Veterans Administration's vocational rehabilitation program and we support a 17 percent increase in educational benefits under the chapter 31 vocational rehabilitation program.

Comments

The current vocational rehabilitation program is a responsible program that has generally served disabled veterans well for more than 30 years. Nevertheless, veterans using the program will benefit greatly from the new efforts and improved services required and authorized by H.R. 5288. H.R. 5288 includes:

An expanded role for the Veterans Administration in helping veterans become fully employed rather than preparing them to become employable.

An expanded role for the Veterans Administration in the development of on-job training opportunities for disabled veterans.

Authority for the Veterans Administration to make incentive payments to employers to induce them to create on-job training opportunities.

Improved VA counseling for disabled veterans, not only to include vocational counseling, but educational counseling and personal counseling since each form of assistance is an integral part of dealing with the veterans rehabilitation needs.

Effective April 1979, 20,351 Vietnam era veterans had trained under chapter 31 at community and junior colleges and 47,676 trained at state colleges and universities, private colleges and universities. A total of 3,654 Vietnam era veterans are still in training at community and junior colleges and 8,267 are in training at four-year institutions.

The proposed 17 percent increase in chapter 31 benefits will help current veteran-students catch up with inflation and hopefully will attract more eligible disabled veterans to take chapter 31 benefits rather than chapter 34 training with its higher monetary benefits.

TARGETED DELIMITING DATE EXTENSION

Recommendation

We support a targeted delimiting date extension and related counseling requirements for Vietnam era veterans as adopted by the Senate in S. 870 and also proposed, in various forms, by Mrs. Heckler, Mr. Hammerschmidt, Mr. Daschle, and others.

Comments

S. 870 would extend until December 31, 1982, the delimiting period of an eligible veteran who served on active duty at any time during the Vietnam era, August 5, 1964 to May 7, 1975, and whose delimiting period has expired or would otherwise expire prior to December 31, 1982, in order to allow the veteran to use his or her entitlement to educational assistance benefits for pursuit of a program of apprenticeship or other on-job training, or if such a veteran does not have a secondary school diploma or equivalency certificate to use his or her remaining entitlement for the pursuit of an approved vocational objective or to pursue, without charge to entitlement, a secondary education course.

Community colleges and state colleges and universities, in particular, have played a leading role in providing opportunities for Vietnam era veterans to earn a high school diploma and then go on for other training.

Veterans Administration data show that 81 percent of Vietnam era veterans discharged had completed high school or higher at the time of separation from the Armed Forces. Nearly 20 percent of the men and women who served during this period—or almost 1.7 million individuals—were released from active duty with less than a high school education. Yet, only 578,143—or 34 percent—of these educationally disadvantaged Vietnam era veterans have participated in any training under the G.I. Bill.

We have found that many of the Vietnam era veterans who could benefit most from the G.I. Bill seem to use it the least. We also have found that many of the Vietnam era veterans who have not used the G.I. Bill thus far are more inter-

198

ested in on-job training than they are in institutional training. This earn-and-learn concept seems to meet the needs of unemployed and unskilled Vietnam era veterans very well.

COST OF LIVING INCREASE FOR G.I. BILL RECIPIENTS

Recommendation

We support a 15 percent cost of living increase for chapter 34 and chapter 35 G.I. Bill recipients which was introduced by Mr. Hefner, Mr. Roberts and Mr. Hammerschmidt on December 18, 1979 (H.R. 6168).

Comments

A cost of living increase for G.I. Bill recipients is critical if those beneficiaries are to be able to afford to continue their educational programs. The overall increase in total expenses for resident students at all types of educational institutions from the 1978–79 to 1979–80 academic years is 6.4 percent at public four-year institutions. The difference in the tuition and fees between private and public institutions is $1,654 for two-year institutions and $2,243 for four-year institutions. (Joe Paul Case and Edmund C. Jacobson, *Student Expenses at Postsecondary Institutions 1979–80*)

The Congressional Budget Office has estimated that to offset fully the effect of inflation since the last G.I. Bill rate increase in 1977, Congress would have to pass a cost of living increase of 20.6 percent, effective October 1, 1979. The Congressional Budget Office estimated further that by September 1, 1980 a 30.6 percent cost of living increase would more accurately reflect the inflationary picture for veterans in training.

G.I. Bill students are now mostly in their mid-thirties. They are likely to have families to support, rent and other bills to pay, and because of the delimiting date, a very short period of time left to complete their education. A cost of living increase will help veterans access that education.

STANDARDS OF PROGRESS

Public Law 95–202, § 305 (b) (1), § 1674 Title 38, U.S.C.

Recommendation

We support, in H.R. 5288 and S. 870, VA's recommendation that course completion time be deleted from the statutes governing standards of programs.

Comments

"During 1975, it came to the attention of the VA and the Congress that a large number of veterans enrolled in accredited institutions of higher learning never attended classes, withdrew from all courses at the end of the term without penalty, and repeated the process term after term, often to the full extent of entitlement. Some schools were not enforcing their published standards of progress, and a few had no published standards at all.

"Further, educational practices and policies had undergone considerable change since the early days of veterans education laws. By the mid 70's, open admissions, nonpunitive grading, liberal withdrawal and re-entry and other policies intended to attract and encourage students had become quite common.

"Thus, in those instances where institiutional standards for determining student progress were unenforced or nonexistent, and/or where unstructured or unsupervised modes of educational practice prevailed, it became relatively easy for a veteran intent on misusing the system to obtain hundreds or thousands of dollars in educational benefits by remaining 'enrolled' in school although in effect a non-student.

"* * * Then, on October 15, 1976, Congress passed the G.I. Bill Amendments Act of 1976 (Public Law 94–502) amending § 1674 of Title 38 U.S.C., the provisions of law relative to unsatisfactory progress. The amendment provided, among other things, that unless the VA finds there are 'mitigating circumstances,' progress will be considered unsatisfactory at any time the veteran is not progressing at a rate that will permit such veterans to graduate within the approved length of the course based on the training time as certified by the VA. This seemingly simple provision proved to be exceedingly difficult for the VA and the schools to implement, since schools had to make separate evaluations and determinations for veterans and non-VA students.

"Additionally, Public Law 95-202 (The G.I. Bill Improvement Act of 1977), directed that the VA conduct [a] study of the need for legislative or administrative action in regard to unsatisfactory progress." (*Progress or Abuse—A Choice*, House Committee Print No. 170, November 1978, p. 11-13)

The VA, in its report of December 1978, found that course completion time as a statutory factor in monitoring the progress of a veteran is unnecessary and redundant given other legislative remedies provided in Public Law 94-502 and Public Law 95-202.

The VA concluded that:

"It appears that the foregoing Public Law 94-502 and Public Law 95-202 amendments to Sections 1647 and 1724 can be safely repealed. All of the VA Circulars pertaining to standards of progress could then be simplified and the burdens imposed upon the schools in monitoring student progress could be lessened."

85-15 RULE

Public Law 94-502, § 1673(d), Title 38 U.S.C.

Recommendation

We support H.R. 5288 which provides for the elimination of BEOG and SEOG in any 85-15 computation.

Comments

The 85-15 rule has no merit as a device for evaluating educational quality or the value of a program for a veteran.

Public Law 94-502 amended section 1673(d), Title 38 U.S.C., to provide that the Administrator of Veterans Affairs "* * * shall not approve the enrollment of any eligible veteran, not already enrolled, in any course (other than one offered pursuant to subchapter V, any farm cooperative training course, or any course described in section 1789(b)(6) of Title 38) for any period during which the Administrator finds that more than 85 percent of the students enrolled in the course are having all or part of their tuition, fees or other charges paid to or for them by the educational institution, by the Veterans Administration under this title and/or by grants from any federal agency. The Administrator may waive the requirements of this subsection, in whole or in part, if the Administrator determines it to be in the interest of the eligible veteran and the federal government." The Administrator issued a directive on December 17, 1976 which provided a waiver to qualifying educational institutions. (Department of Veterans Benefits Circular 20-76-84, Appendix H, Revised) The provisions (added by Public Law 95-202) "shall not apply to any course offered by an educational institution if the total number of veterans and persons receiving assistance under Chapters 31, 32, 35, or 36 of Title 38 and enrolled in the institution equals 35 percent or less of the total student enrollment if such veterans and persons may be in excess of 85 percent of the total student enrollment of a course." (*The Necessity and Desirability of Including Recipients of Federal Grants Other Than from the Veterans Administration in the 85-15 Ratio Computation*, Print No. 28, September 1978, p. 2. The Veterans Administration prepared and forwarded this report to the Senate Committee on Veterans Affairs.)

What this provision means is that veterans may not receive benefits from any course in which over 85 percent of all students receive some federal support. This makes no sense educationally or administratively. The simple fact that many veterans (and other aid recipients) are enrolled in a course does not reduce its educational value. On the contrary, the fact that course has many veterans enrolled may, in many cases, be an indication that it is of great value to veterans. (Statement of Stephen Horn before the Senate Veterans Affairs Committee, June 6, 1979, p. 5)

VETERANS REPRESENTATIVES ON CAMPUS

§ 214(4), § 240-245, § 1685, Title 38 U.S.C.

Recommendation

We support the continuation of the Vet Rep program to meet the existing needs at educational institutions and to meet the VA's mandate under the law to provide outreach services to veterans who are disabled, educationally disadvantaged, elderly, or incarcerated.

Comments

Veterans Representatives on Campus (Vet Reps) assist veterans and officials in G.I. Bill enrollment processing, in counseling veterans on all benefits and services available through VA, and in expediting educational assistance payments. They are responsible for obtaining information necessary to confirm school enrollments and for ensuring that veterans are pursuing courses as represented. They also verify enrollments when advance payments are authorized and when a certificate of delivery is not received from a school.

In fiscal year 1976, while Vet Reps were reduced 4 percent, there was an increase of 5 percent in trainees and it was necessary to service about 33 percent more schools. In fiscal year 1977, while Vet Reps declined about 12 percent below the Transition Quarter and 16.6 percent below fiscal year 1976, schools serviced declined only about 2.4 percent and trainees increased over the Transition Quarter but decreased about 29 percent compared to fiscal year 1976.

In fiscal year 1978, Vet Reps declined 26 percent while schools serviced declined only 16 percent and trainees declined only 20 percent. (Veterans Administration, Untitled, Undated, p. 2)

In fiscal year 1979 as of May, Vet Reps had declined 32 percent, but over the whole year will decline 41 percent and by year's end will have declined 66 percent. However, the reductions in schools and trainees are only 29 percent and 16.7 percent, respectively. (Veterans Administration, p. 2)

While the number of persons who receive educational assistance is decreasing, Vet Rep service becomes more expensive as smaller numbers of Vet Reps required to travel extensively to provide some measure of service at a larger number of locations. (Statement of Andrew H. Thornton, Committee on Veterans Affairs, House of Representatives, March 27, 1979, p. 11)

However, outstationed Vet Reps serve a very useful purpose in enabling VA to perform essential outreach and other services. Vet Reps are the primary resource for services to incarcerated veterans. The Vet Rep program is required by law (Title 38 U.S.C., section 243), and cannot be eliminated while the VA is providing educational assistance to veterans and other eligible persons.

Any further reduction in Vet Rep staffing will seriously interfere with VA's ability to carry out the Veterans Outreach Services Program mandated by the Congress. Reductions will also severely impact VA's ability to:

Provide motivational visits to disabled veterans;

Provide service to incarcerated veterans;

Provide necessary service to elderly veterans and beneficiaries;

Provide outreach to educationally disadvantaged veterans as required by law; and

Make best use of the work-study program (Title 38 U.S.C., section 1685) to conduct outreach as authorized in the law because such activity must be supervised by a VA employee in the absence of an adequate Vet Rep force; travel fund limitations will make such supervision extremely difficult to accomplish. (Veterans Administration, "Vet Rep Reduction," p. 1 & 2)

Further, reducing or eliminating Vet Rep staff will require regional offices to provide the additional manpower from their remaining staff and substantial travel costs will be involved because the regional office personnel must travel to the sites involved. ("Vet Rep Reducation," p. 2)

Vet Reps annually have expedited over 1.4 million education certification actions. This significantly improves the payment process. In the absence of Vet Reps there will be long delays in making payments. ("Vet Rep Reduction," p. 3)

RATE OF EDUCATIONAL ASSISTANCE FOR PRACTICUM TRAINING OR INTERNSHIP S. 870

Recommendation

We support section 305(2)(c)(1)(d) of S. 870 which would allow an averaging of cumulative standard class sessions over a term, quarter or semester.

Comments

Many accredited four-year colleges and universities require baccalaureate degree candidates to fill a supervised field practicum or internship as an integral part of their academic degree program. The field practicum serves as a practical complement to the academic aspect of the student's development and is frequently required during the fourth academic year of the degree program. Typically, the practicum term or semester not only requires the student to gain valuable professional experience in an agency or institution, but it also requires the student to attend faculty supervised planning and orientation seminars, write goals and objectives statements and conceptual agenda, write weekly progress reports and critical incident analyses, write a major analysis paper of the practicum experience and participate in programmed field consultations with the student's instructor and agency practicum supervisor. Students are normally required to participate in debriefing sessions after completion of the practicum.

Practicum courses have been an integral part of most universities for many years. These courses have been sufficiently structured to insure a quality learning experience for the student without requiring additional classroom work which students frequently have already completed as a requisite to enrollment in the upper division practicum course. The practicum semester or term is not usually part of the college or university independent study or cooperative pragram because the latter programs are largely designed to serve as an alternative for students who are unable to attend conventionally scheduled programs. The practicum semester is an integral part of, rather than a substitute for, resident institutional instruction.

Practicum courses continue to be a source of friction between the higher education community and the Veterans Administration. The specific issue concerning practicum courses rests on the requirements of VA Regulation 14265 (38 CFR 21.4265). Section (F) lists certain criteria which practicum training courses (other than those which are medical or professional in nature) must meet to qualify as resident institutional instruction. This includes the criterion that there be regularly scheduled class attendance on at least a weekly basis. To this end, the state approving agency will frequently classify a practicum semester as a combination institutional/cooperative course (VAR 14233(A)) or independent study (VAR 14280). This has negative ramifications for the veteran and the educational institution. For the veteran it means that his/her monthly educational assistance allowance is reduced from $311 per month to $251. This means that the veteran is paying full-time tuition rates for a residential program but is paid by the VA at a much lower rate (cooperative or independent study). This creates a financial burden for the veteran and his family.

Section 305(d) of S. 870 provides that when a course (which is part of a standard college degree) does not meet weekly, but which has a cumulative total number of standard class sessions equal to the same number of hours as a traditional course, the course can be computed at the rate prescribed for a full-time institutional program. In other words, a practicum course which is part of a standard college degree program would be considered as full-time for educational benefits because student/instructor consultations could be averaged throughout the term or semester.

ACCELERATED PAYMENTS FROM REMAINING ENTITLEMENTS TO PAY CERTAIN VA LOANS

Public Law 95–202, § 201(a), § 1682A, Title 38 U.S.C.

Recommendation

We support (through the passage of S. 830) the deletion of the state matching requirement under the tuition acceleration program of Public Law 95–202.

Comment

Section 1682A, Title 38 U.S.C., established a federal-state matching program to permit certain qualifying veterans or other eligible persons after graduation to use the remaining educational benefits to cancel VA loans made after January 1, 1978.

There are numerous eligibility requirements in this program that are imposed by law. No person can become eligible for this program until an appropriate state or local jurisdiction where he/she is attending school has established a matching program. This normally would require a change in state legislation or local policy and a special appropriation made out of state or local funds. To date, only one state, Louisiana, has passed legislation, but has not appropriated funds, thus denying veterans who wish to accelerate their entitlement the opportunity to do so. It appears that veterans have not received any additional benefits from this program as intended by Congress.

VETERANS EDUCATIONAL ASSISTANCE PROGRAM (VEAP)

Public Law 94–502, Chapter 32, Title 38 U.S.C.

Recommendation

We support the need for the Department of Defense and the Veterans Administration to study the Veterans Educational Assistance Program (VEAP) to analyze the low participation rate in VEAP and to determine whether to continue or revise the program.

Comment

The Congress enacted the Veterans Educational Assistance Program (VEAP) in 1976 as a successor to the Vietnam era G.I. Bill. VEAP serves as the post-service educational benefits program for all men and women who entered active duty military service after December 31, 1976. In order to participate, an individual must contribute between $50 to $75 per month to a fund of up to $2,700. The amount contributed is then matched on a two-to-one basis by the Veterans Administration. On completion of an initial tour of duty or six years of service, participants are entitled to a maximum of 36 monthly educational benefits payments.

VEAP is also a recruiting mechanism for the all volunteer military service. Thus far, the principal problem with VEAP has been a low participation rate. While the VEAP enrollment rate has improved since the first year of operation, it is still below one-third for all of the services and below one-tenth for the Air Force and Marine Corps. For many enlistees, it takes all of their monthly wages to cope with the high cost of living in Germany, Japan, and other foreign outposts.

GI BILL PAYMENTS TO INCARCERATED VETERANS

Recommendation

We support the VA educational assistance allowance payment policy for incarcerated veterans as proposed by the Senate in S. 870.

Comments

President Carter, in his October 10, 1978 fact sheet on Vietnam era veterans, advised the Congress that his Administration supports "devising a trust fund arrangement for an incarcerated veteran's benefits." In response, the House and the Senate Veterans Affairs Committees proposed legislation which provides an alternative system for paying Veterans Administration educational allowances to veterans incarcerated in prisons and jails. The House bill (H.R. 5288) required that incarcerated veterans enrolled in full or part-time classroom training be paid VA educational allowances for the cost of tuition and fees only. This procedure would apply both to veterans who have dependents and to veterans who do not have dependents. The Senate version (S. 870) requires payment to incarcerated veterans in a manner similar to non-incarcerated veterans except that the amount of the incarcerated veteran's monthly VA education allowance which is in excess of tuition, fees and books be sent to the veteran's family or placed in escrow and given to the veteran upon release from the correctional institution. Under the Senate version, incarcerated veterans also have the option of placing excess VA educational allowances in U.S. Government securities to be delivered to the veteran after release from the correctional institution.

Supporters of the House version cite two reasons:

(1) *Security problems.*—Complaints have been received from some prison officials concerning excess funds paid to prisoners by the VA. They have advised that this additional money has caused problems with regard to narcotics, thefts, etc. (Testimony of Andrew H. Thornton, House Committee on Veterans Affairs, March 27, 1979, p. 30)

(2) *Unfair to active duty servicemen and women.*—Some national veterans organizations and military service organizations have testified that incarcerated veterans who pursue educational programs under the G.I. Bill should not have a more attractive educational assistance payment plan than active duty service members who are enrolled in off-duty educational programs under the G.I. Bill. Service members enrolled in off-duty classroom training are paid an educational assistance allowance by the VA only at the rate of tuition and fees.

Supporters of the Senate version of an alternate G.I. Bill payment system for incarcerated veterans cite three reasons:

(1) *Discriminating effect.*—Veterans benefits are earned opportunities which are predicated on honorable service in the U.S. Armed Forces. Since veterans benefits are earned during military service, they should not be altered due to behavior after military service. Black and Spanish surnamed veterans may be the most adversely affected if the Congress adopts the House version of alternative payments because minority veterans make up a disproportionately high share of veterans who are incarcerated in prisons and jails. Minority veterans made up a disproportionately high share of the American combat force during the Vietnam conflict as well.

(2) *Family responsibilities.*—Most correctional administrators have acknowledged that incarcerated veterans who receive VA educational assistance allowances forward such funds to their families or dependents to help pay their food, clothing, medical, housing and other expenses. This action not only helps the veteran's family, but it also helps promote a sense of financial responsibility for the veteran.

(3) *Lack of security problems.*—In testimony before the Senate Committee on Veterans Affairs on July 11, 1979, U.S. Bureau of Prisons director Norman Carlson stated that Veterans Administration educational assistance allowances to incarcerated veterans do not cause security problems in federal prisons. American Correctional Association executive director Anthony P. Travisono echoed this by stating that numerous inmates in prisons and jails receive various private non-VA financial payments, e.g., retirement, disability and pension stipends and the VA educational assistance allowances are handled similarly to these private payments. Correctional institution business managers are the legal custodians for inmates' funds and deposits such payments in the inmates' prison accounts. Inmates are not permitted to maintain cash beyond a minimal amount for personal expenses.

Only about 2,000 incarcerated veterans nationwide receive any form of veterans benefits while incarcerated. It appears that the amount of federal funds which would be saved by adopting a tuition and fees only payment procedure for educational assistance allowances to incarcerated veterans would be minimal.

VA CONSUMER AFFAIRS PROGRAM

Recommendation

We strongly support the consumer affairs program which the VA is now developing.

Comments

In August 1978, the Veterans Administration began developing its consumer affairs program "to provide high quality service on a day-to-day basis to consumers by increasing VA's sensitivity to the needs and desires of veterans and their dependents by being responsive to inquiries." (VA, Consumer Affairs Folder, September 19, 1979, p. 4)

Objectives of the program include:

Views of special consumer groups (e.g., minorities, handicapped, elderly, etc.) receive consideration in areas directly affecting their need,

Consumer satisfaction for each major VA program periodically and continuously measured to determine their degree of satisfaction with the agency activity,

VA's responses to complaints be appropriate, adequate and timely,

Administrator and high level decisionmakers are kept aware of the needs and problems of consumers.

According to VA Associate Administrator John J. Leffler, the keystone of the consumer affairs program is the "Tell the Administrator" mailers which are provided across the nation to veterans and dependents who use VA services. The Departments of Medicine and Surgery, Veterans Benefits and Memorial Affairs are developing their own consumer affairs programs to insure an effective approach by each department.

Overall, the VA's consumer program appears to be becoming one of the first quality, comprehensive consumer programs in the federal government. Its potential for monitoring the quality of VA services to veterans and their dependents appears to be excellent. The VA consumer program can serve as an excellent model for other departments, e.g., Labor, which provide services to veterans.

OPERATION BOOST

Recommendation

Veterans Administration continue to administer Operation Boost as a nationwide effort.

Comments

In the spring of 1978, the Veterans Administration began a special outreach effort in 11 states to inform veterans of education benefits under the G.I. Bill. The VA called this outreach effort "Operation Boost." The states selected were generally states in the so-called "eastern states high tuition belt." The states have traditionally had the lowest participation rate of Vietnam era veterans in the G.I. Bill. The states selected were: Connecticut, Illinois, Indiana, Iowa, Maryland, Massachusetts, New Hampshire, New Jersey, Ohio, Pennsylvania, and Vermont.

Operation Boost has proven to be very timely because each day more and more Vietnam era veterans lose their 10-year eligibility period under the G.I. Bill. Since the peak years for separation from military service during the Vietnam War were 1969 and 1970, the majority of Vietnam era veterans will lose their G.I. Bill eligibility by 1980. The VA projects that by academic year 1982, only 2.9 million of 9.4 million Vietnam era veterans will still be eligible for the G.I. Bill.

Outreach techniques used by VA regional offices during Operation Boost have included:

Church, union and civic club newsletters,
Employee handouts through business and industry personnel offices,
Mailers included in utility bills,
Messages on illuminated scoreboards at professional baseball games,
VA mobile vans,
Radio and television public service announcements,
Newspapers.

The VA financed Operation Boost through its existing budget.

VA Administrator Max Cleland expanded Operation Boost nationwide through "Boost II," which is geared toward helping any veteran who has not used entitlement and still has time remaining.

VETERANS ADMINISTRATION ADJUDICATION PROCEDURES AND JUDICIAL REVIEW

Recommendation

We support legislative proposals to implement judicial review of the Veterans Administration. Judicial review is intended to speed up the adjudication process for individual claims and insure due process protection for the veteran.

Comments

Historically, the VA has been in agreement with the longstanding congressional policy to preclude court review of the final decisions of the Administrator in veterans benefits cases.

However, in 1977, in the VA's report on S. 364, the VA concluded that the finality statute, Title 38 U.S.C., Section 211(a), should be amended to provide veterans with access to the federal courts to resolve any constitutional questions arising from the administration of Veterans Administration legislation and procedures. Moreover, VA stated that if Congress deemed it appropriate, VA would no longer oppose limited judicial review of individual benefit decisions not involving constitutional questions.

VETERANS ADMINISTRATION COLLECTION OF DATA ON MINORITY AND FEMALE VETERANS

Recommendation

The Veterans Administration systematically collect and tabulate race and sex data relative to G.I. Bill participation. Data may be collected by using the education and training application form which each veteran must fill out prior to entering training.

Comments

Section 219, Chapter 3, Title 38 U.S.C., directs the Administrator to continually measure and evaluate programs under Title 38 to determine their effectiveness in achieving their stated goals, the relationship between their effectiveness and their costs, their impact on related programs and the structure and mechanisms for the delivery of services. To carry out the section, the Administrator is authorized to "* * * collect, collate, and analyze on a continuing basis full statistical data regarding participation (including the duration thereof), provision of services, categories of beneficiaries, planning and construction of facilities, acquisition of real property, accretion and attrition of personnel, and categorical expenditures attributable thereto, under all programs carried out under this title."

Through contractual agreement with the Bureau of the Census and with assistance from the Department of Labor, the Veterans Administration obtains data on various socio-economic characteristics of male veterans and non-veterans from the Current Population Survey. The data include educational attainment, income, work experience and employment status. (Veterans Administration, *Annual Report*, 1978, p. 4)

However, the VA keeps no data on the sex and race of veterans using the G.I. Bill, despite the fact that the Presidential Policy Review Memorandum pointed out that a large percentage of veterans who are experiencing readjustment difficulty are from minority groups.

The National Urban League and the National Association for the Advancement of Colored People have both gone on record as supporting the collection of race data so that the statistical information gathered may be used as a guide to measure the advancement of blacks in this country. The Department of Health, Education and Welfare collects race and sex data which are used in reporting advancements made in those areas.

The number of female veterans increased by 29,000 during fiscal year 1978, reaching 649,000 by the end of the fiscal year. The number of female veterans under 30 years of age rose to 144,000, reflecting increased reliance by the military services on women to fulfill their recruiting requirements. (Veterans Administration, Annual Report, 1978, p. 3.)

The Veterans Administration is now attempting to determine the G.I. Bill usage rate of minority and female veterans through certain VA surveys and through various Bureau of Census data. We propose that as a future means of gathering G.I. Bill usage data, the Veterans Administration request and obtain such information from individual veterans through its education and training application form which must be filled out prior to entering training. Such information could serve a useful purpose to the Veterans Administration in determining and analyzing the G.I. Bill usage rates of minority and female veterans.

H.R. 6165

Recommendation

We support H.R. 6165 which would amend Title 38 U.S.C. to allow certain veterans with active duty service prior to January 1, 1977 to participate in the contributory educational assistance program under chapter 32 of Title 38 U.S.C.

Comments

Some persons who entered military service prior to January 1, 1977, and who would have received benefits under chapter 34, Title 38 U.S.C. if they had served 180 days, were ineligible for educational benefits under chapter 34 because they were released or discharged under other than dishonorable conditions before completing 180 days of active service. In some cases, these same veterans reenlisted after January 1, 1977, and would therefore have to serve 180 days to be eligible for chapter 32 benefits, even though they had served a number of days prior to January 1, 1977 under other than dishonorable conditions. H.R. 6165 would apparently allow such persons to count their active duty service prior to January 1, 1977 for the purposes of establishing eligibility for chapter 32 benefits.

H.R. 6166

Recommendation

We support H.R. 6166 which would amend Title 38 U.S.C. to provide for disbursement of unused chapter 32 contributions upon the death of the servicemember.

Comments

According to the Veterans Administration, under existing law, if a veteran dies after having contributed to the chapter 32 fund, the VA will make a refund to his or her designated Servicemen's Group Life Insurance (SGLI) beneficiary or, if none, to his or her estate. The VA reports that they have encountered an unexpectedly high number of death refund claims submitted when the veteran had not previously designated any SGLI beneficiaries or had no SGLI policy. In such cases the refund may only be paid to the participant's estate. Furthermore, such refunds to the estate can be expected to increase since the VA anticipates that more deaths will occur after service, when SGLI is generally no longer in effect. The VA's proposal in H.R. 6166 would require that chapter 32 unused contributions be paid, upon the death of the participant, in the same order of preference as the SGLI program.

H.R. 6167

Recommendation

We support H.R. 6167 which would amend Title 38 U.S.C. to preclude tutorial assistance to eligible veterans by certain family members, i.e., the eligible veteran's parent, spouse, brother or sister.

Comments

This bill would remove the potential opportunities for collusion between a veteran-student and certain family members to gain tutorial assistance funds from the Veterans Administration.

H.R. 5581

Recommendation

We do not support H.R. 5581 because many of its proposed services are already in existence in one form or another.

Comments

H.R. 5581 would amend Title 38 U.S.C. to provide for a comprehensive program of career development, advancement, and training, and for outreach and supportive services for Vietnam era veterans. Key features of H.R. 5581 include paying a monthly assistance allowance to eligible veterans who are receiving on-job training, paying an eligible employer a career development and advancement allowance not to exceed one-third of the gross wages and benefits paid by the employer to the participating veteran, and provides VA occupational assessment counseling to eligible veterans.

H.R. 6327

Recommendation

We do not support H.R. 6327 because on-job training opportunities are already available to Vietnam era veterans through the Veterans Administration and through the Comprehensive Employment and Training Act.

Comments

H.R. 6327 would amend Title 38 U.S.C. to provide expanded readjustment benefits for Vietnam era veterans by promoting employment of such veterans through a program of job vouchers. Under this proposed program, a Veteran era veteran would be entitled to employment assistance for a period for not more than 12 months. Key features of this program would include payment of a monthly training assistance allowance to the employer who employs and trains an eligible veteran at a salary of not more than $11,000 a year. An employer would not be eligible to receive a payment under this program if he has taken a tax credit for employing a veteran as allowed under section 44B of the Internal Revenue Code of 1954.

PREPARED STATEMENT OF ROBERT DANIELS, VETERAN-STUDENT, KEYSTONE JUNIOR COLLEGE

Mr. Chairman and Members of the Committee, I am a veteran-student in the Weekender Program at Keystone Junior College, LaPlume, Pennsylvania. Keystone Junior College is located near my wife's and my home in Scranton, Pennsylvania. It was founded in 1868.

After spending three years in the U.S. Army, I was honorably discharged in 1974. I gained full-time employment in the sales field after my discharge, and then in 1978 I enrolled in the Weekender Program. I am now pursuing an Associate of Arts Degree in Business Administration, and will receive my degree this May. I will then transfer to Wilkes College in Wilkes Barre, Pennsylvania, to earn my Bachelor's Degree using the G.I. Bill.

In 1978, my employer promoted me to a new position which requires me to travel to different cities in the eastern United States and to remain overnight about six nights per month. This makes it difficult for me to attend part-time evening classes during the week, so I enrolled in the Weekender Program.

Prior to having to travel on my job, I enrolled in and completed a few evening college courses. Since I had a little bit of experience with evening courses, and now that I have a little bit of experience in weekend courses, I can make some comparisons between the two programs. It has been my experience that the course requirements and the amount of work in the Weekender Program is the same, if not greater, than for the evening program.

I attend 18 hours of classroom instruction every third weekend during the semester. For the total semester I am required to be in class for 18 hours over 6 weekends, which totals 108 hours of classroom instruction. Between classes I spend an immense amount of time preparing for examinations which are given at nearly every weekend session and also completing numerous writing assignments which must be returned to the instructor at nearly every session for grading. I find that I must discipline myself to a very specific schedule so that I will be able to meet all of the requirements of my courses. I also find that I enjoy attending the weekend course with the other students, who also seem to be older, and who seem to be serious students willing to give up their weekends to earn their degrees.

This semester I am enrolled in 9 credit hours of classes. I attend class for 3 hours on Friday evening, 8 hours on Saturday, and 8 hours on Sunday. My tuition, books and fees for this semester are indicated below. Also indicated are my VA allowances for the semester.

Costs:

$70 per credit times 9 credits	$360
Books and supplies	70
Total cost per semester	700

Approximate Monthly VA Payments:

January	117
February	197
March	228
April	123
Total	665

I would like to briefly give you some tuition amounts and VA payment amounts for fellow veterans who are enrolled in about the same courses as I but in the evening college during the week.

Costs:

$70 per credit times 9 credits	$630
Books and supplies	70
Total cost per semester	700

Approximate Monthly VA Payments:

January	277
February	277
March	277
April	277
Total	1,108

Sir, I do not know very much about how government regulations work. But, I do not think I understand why there is such a difference in the amount of money I receive from the Veterans Administration each semester as compared with my fellow veteran who is taking virtually the same courses as I and who has virtually the same course requirements and tuition costs. My Veterans Administration representative told me that the main reason why I am paid less than my fellow veterans in the evening program is because I do not spend as many hours in the classroom as the evening students taking the same courses and credits. I spend 108 hours in class per semester, and I think veterans enrolled in the

evening program spend about 9 hours per week for a 14-week semester. This totals about 126 hours in the classroom.

In conclusion, I respectfully ask you whether you could help veterans like myself enrolled in weekend programs receive equal VA payments for equal work.

Thank you very much.

STATEMENT OF DARRYL W. KEHRER, DIRECTOR, OFFICE OF VETERANS AFFAIRS, AMERICAN ASSOCIATION OF COMMUNITY AND JUNIOR COLLEGES, AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES

Mr. KEHRER. Thank you, Mr. Chairman.

I appreciate this opportunity to present the recommendations of the American Association of Community and Junior Colleges and the American Association of State Colleges and Universities regarding education, training, and employment programs administered by the VA, and to consider a number of legislative proposals.

I am also testifying today as chairman of the American Association of Minority Veterans Program Administrators.

Accompanying me is Mr. Bob Daniels, a veteran student in the weekend program at Keystone Junior College, LaPlume, Pa.

I will try to summarize in 3 minutes, so that Mr. Daniels will have a chance to appear before Congress, something that he never thought he would have a chance to do.

Chairman HEFNER. We will make time for hm to appear before the Congress, limited as it is.

Mr. KEHRER. In general, we support many of the recommendations already made by the VA and embodied in H.R. 5288 and in S. 870.

With the major exceptions of House or Senate proposals dealing with the issues of contact hour requirements and institutional liability, these two bills would largely resolve the serious problems for the Nation's colleges and universities, veteran students, and the VA.

Mr. Chairman, at this time, I would like to summarize about seven points from my testimony, on issues which we support.

We support the contact hour recommendations made to the Administrator of Veterans Affairs by the Education and Rehabilitation Advisory Committee on December 9, 1979. We also support the contact hour language adopted by the Senate in S. 870.

We support a targeted delimiting date extension and related counseling requirements for Vietnam-era veterans as adopted by the Senate in S. 870.

We support a 15-percent cost-of-living increase for chapters 34 and 35 GI bill trainees, as introduced by Messrs. Hefner, Roberts, and Hammerschmidt.

We support continuation of the veterans' representative program to meet the existing needs at educational institutions, and also to meet VA's mandate under the law, to provide outreach services to veterans who are disabled, educationally disadvantaged, elderly, or incarcerated.

We support the deletion of the State matching requirement under the tuition acceleration program of Public Law 95–202.

We support an educational assistance allowance payment policy for incarcerated veterans, as proposed by the Senate in S. 870, which was recommended by the Veterans' Administration.

In terms of the legislation you asked us to look at, sir, we support H.R. 6165, 6166, and 6167. At this time, we are not supporting H.R. 5581 and H.R. 6327.

With your permission, sir, I would like to turn to Mr. Daniels.

Chairman **Hefner**. We would like to welcome Mr. Daniels to the committee.

STATEMENT OF ROBERT DANIELS, VETERAN-STUDENT IN WEEKEND COLLEGE, KEYSTONE JUNIOR COLLEGE, LaPLUME, PA.

Mr. **Daniels**. Thank you, Mr. Chairman, members of the subcommittee.

I am a veteran-student at the weekend program at Keystone Junior College in LaPlume, Pa.

Keystone Junior College is located near my wife's and my home in Scranton, Pa. Additionally, I might mention that Keystone was founded in 1868.

I currently attend 18 hours of classroom instruction every third weekend during a semester. For a total semester, I am required 18 hours over six weekends. This totals 108 hours of classroom instruction.

Between classes, I also am responsible for an immense amount of time preparing for examinations and written assignments which must be handed in almost every class meeting.

I don't know very much about how actual Government regulations work, but I find myself in a situation where I receive from the Government—with slightly less actual class hours recorded, I receive from the Veterans' Administration less money compared to a student who is attending an evening or a daytime college class.

My Veterans' Administration representative told me that the main reason why I was paid less than the other veterans, my fellow veterans, would be because of the time that was actually spent in the classroom.

As I mentioned, the 108 hours that I spend per semester is only 14 hours less than the total hours spent in the classroom by the traditional student, who has 126 hours.

In conclusion, I would respectfully like to ask if you could help me and other veterans who find themselves in the situation I am in.

Chairman **Hefner**. Thank you very much for being with us today, and we will certainly make your entire statement part of the record. We will take into consideration all of your concerns and those of all the others who are affected as you are. We will try to address these situations as best we can.

Thank you for being with us today.

Mr. Daschle, do you have any questions?

Mr. **Daschle**. No, Mr. Chairman.

Chairman **Hefner**. Thank you very much.

The Vietnam Veterans of America, Mr. Steven Champlin, special assistant to the director, accompanied by Mr. John Terzano, legislative director.

210

We are happy to have you gentlemen with us today. You may proceed. Your entire written statement will be part of the record.

[The statement follows:]

PREPARED STATEMENT OF VIETNAM VETERANS OF AMERICA

We are honored to be here today to testify before the House Committee on Veterans' Affairs. Today's hearing, and the series of hearings it is a part of, provide an important opportunity to analyze the needs of Vietnam veterans.

But that analysis must translate into action. The Vietnam Veteran of America is proud to strongly endorse the program of the Vietnam Veteran Act—H.R. 6050. In today's hearing, we want to concentrate especially on Title I of the Act, the Career Development and Training Program, separately introduced as H.R. 5581 by Congresswoman Heckler and Congressman Daschle of the Vietnam Veterans in Congress.

Mr. Chairman, the nation is approaching a period of economic crises. Double-digit inflation continues, and now the long-expected recession is, regrettably, finally arriving.

Unfortunately, Vietnam veterans may pay a disproportionate price when the recession hits; for the recession may exacerbate underlying employment problems that many Vietnam veterans have faced since their return.

The underlying employment problems by themselves call for action. But joined with the looming recession, the mandate is clear.

THE NEED

Mr. Chairman, as we sit and talk today the average age of the Vietnam veteran is approaching 35. The war has been over, as far as American soldiers were concerned, for nearly seven years.

To speak about the employment problems faced by Vietnam veterans is to speak about a problem with a history. It is the personal history of veterans who have been in the employment market for a decade—some in and out of jobs, some drifting on the margin of the market place. That history provides an important guide to the present problem.

The History: Entry Difficulties

Vietnam-era veterans returned to an economy that historically, year after year, treated them poorly. The Vietnam-era veteran's average age was 23 at the time of separation. They had at least two years of employment history in the service. Yet upon their return, they faced consistently higher unemployment rates. From 1969 the earliest period for which we have statistics, until today, unemployment for the recently separated veteran, age 20–24, has been higher than unemployment for their nonveteran peers with frightening consistency.

These figures suggest a problem more basic than any pattern of fluctuation, up or down. Unemployment among Vietnam veterans entering the civilian market has been persistently higher, nearly day in and day out, suggesting a higher underlying unemployment rate.

For most Vietnam veterans the transition from service to training, if necessary, and then employment was not hard. But the persistently higher underlying unemployment rate for recently separated veterans, bespeaks serious entry problems for many veterans.

These entry problems were not easily overcome. In 1970, 1971, and 1972, Vietnam veterans aged 25–29 had persistently higher unemployment than their nonveteran peers.

This history continues. Vietnam veterans, age 25–29, continue to face difficulties. From 1976 on, their unemployment rate has exceeded that of their nonveteran peers. 1979 was no exception. Beginning with unemployment a full two percentage points higher in the first quarter, Vietnam veterans were over two full percentage points behind in December.

These entry problems have created legitimate concern among Vietnam veterans. Marching off to war amid the refrains of a great society's promises, they returned to find that these promises did not extend to them—the society's defender. Many Vietnam veterans feel their trust in their country was betrayed. That sense of betrayal is a continuing climate which Vietnam veteran policy must address.

But equally, entry level problems reflect, and create, continuing structural employment problems. For many Vietnam veterans, those structural employment problems create the present need.

The Present: Structural Employment Problems

Since May, 1977, Vietnam veteran employment, in the aggregate, has improved. But the improvement is sporadic, neither consistent nor consolidated. Over and above the persisting employment problems reflected in the underlying employment rate for veterans, age 20 through 30, there have been disturbing fluctuations in the unemployment figures.

In May 1978, for example, veteran unemployment reached an encouraging low, (4 percent), going below that of nonveterans, (5.9 percent). But from June through August it shot up again. Discouragingly, the trend up affected not only the already high unemployment rate among veterans, 20–24, and 25–29, who were already more likely to be unemployed than their nonveteran peers. Unemployment for veterans, age 20–24, also went up, as unemployment for nonveterans the same age went down.

Mr. Chairman, as we talk today, we fear the January 1980 figures are not just a one month trend, reducible to the statistical problems that plague Vietnam veteran employment figures, but the beginning of a minor recession that will hit Vietnam veterans especially hard.

It is not hard to see why. For in the contemporary market place, delays in entry translate into continuing employment problems under policies of "last hired, first fired." Not surprisingly, Vietnam veterans who have been laid off constitute a disproportionate segment of the total unemployed. Among veterans, 30 to 34, for example, one-fourth of all unemployed Vietnam veterans are on layoff, in contrast to 17.9 percent for nonveterans. (*See*, John F. Stinson, Jr., "Vietnam Veterans in the Labor Market of the 1970's," *Monthly Labor Review*, November, 1979, pp. 9–10.)

Similarly, Vietnam veterans, who had difficulty securing employment because they lacked crucial training, face continuing structural difficulties.

The disproportionate exclusion of Vietnam veterans from white collar positions has been frequently documented. (Most recently by Stinson, *Ibid*., pp. 6–7). The continuing educational disparity at the college level is equally clear. (*See*, the VA's own, *Educational Attainment in 1978 of Male War Veterans and Nonveterans in the United States, Aged 20 and Over*, 1979; and *Vietnam Era Research Project Working Paper #2*).

For Vietnam veterans the key appears to have been access to craft positions with high starting salaries. (*See, Vietnam Era Research Project, Working Paper #2*, p. 49). But for Vietnam veterans whose delays in securing employment mark the fact that they were not so well positioned, structural problems will persist

The question becomes, accordingly, whether the existing government programs will meet their needs. The answer, regrettably, is no.

THE PROGRAMMATIC BREAKDOWN

To meet the employment needs of Vietnam veterans, nearing average age 35, who are securing some employment, but are still facing structural employment problems, a program must meet two requirements:

It must be private sector oriented; and,

Underemployed as well as unemployed veterans must be eligible.

Experience suggests, however, that in order for a private sector employment program to work it must meet two additional conditions:

It must contain serious, financial incentives for employers to participate; and,

It must not be overregulated, squeezing out the medium sized employer.

Regrettably, existing employment programs do not meet these standards. Indeed, it is through reflections on the breakdown in existing programs that we can get a detailed sense of what is needed.

CETA

The largest single employment program continues to be CETA. But CETA continues to be structurally inappropriate to the needs of Vietnam veterans.

It is structurally inappropriate because it is public sector oriented, provides little real training and is weighted in its counter-cyclical Title VI, toward short-term employment. The result for veterans is limited gains. They are given mere breaks in careers of unemployment. According to DOL figures, for example, of the 79,000 only 10,000 were successfully placed in nonsubsidized employment. 67,000 left the program, but 57,000 went to unemployment or were rolled over to more subsidized employment.

VA On-The-Job Training Program

The second major statutory program for Vietnam veterans is the On-The-Job Training Program in Title 38 of the USC, a Veterans Administration program. The OJT program corrects the structural problems that have plagued CETA. It provides direct private sector employment, and it provides long-term employment. Its applicants show the highest completion rate of any GI Bill program and an exceptionally strong rate of using their training upon completion in the job market. (*See, Completion Rates for Education and Training under the Vietnam-Era GI Bill*, June 1976, Veterans Administration). The income results of their training are also impressive.

However, the program has been withering. Fiscal year 1977 enrollments were down 50 percent from enrollment in 1974, from 129,000 to 54,000. While part of this decline is explained by the first impact of the delimitation date, the decline was principally caused by structural problems in the program design. The OJT program provides subsidies to the employees, but not to employers. However, in the last decade, a whole generation of employment programs have been developed which do provide employers with direct monetary incentives. The VA OJT program cannot compete in attractiveness with the programs, resulting in a massive decline. (See, Draft, PRM Memorandum, Part Three, pp. 80–104).

Targeted Jobs Tax Credit

In 1978, Congress acted to address the problems within CETA and the OJT program by including Vietnam veterans within the targeted jobs tax credit. But a Senate amendment to the House Bill excluded Vietnam veterans over age 35, a provision that becomes increasingly burdensome as Vietnam veterans age. And the income test, required by the general targeting policy of the tax credit, effectively limits participation to unemployed veterans. The credit expires this year.

A REMEDY: THE CAREER DEVELOPMENT AND TRAINING PROGRAM

Title I of H.R. 6050 is attractive because it corrects the problems that have marred the implementation of earlier programs. It provides a *private sector program* for *unemployed as well as unemployed* Vietnam veterans.

But the best program is meaningless if it cannot be adequately implemented. Importantly, Title I's creative use of the veteran as his own job developer, joined with its financial incentives, strengthens the existing delivery system.

As the General Accounting Office has documented almost ad nauseum, most existing employment services are not working well for Vietnam veterans. (*See, Much More Could Be Done For Veterans in Employment and Training Programs*, December 29, 1978). This Committee's hearing has exhaustively established the same problems.

Apparently, even the President of the United States cannot make them work. While serious statistical problems exist, making it difficult to determine what are the actual national levels of participation, it is nevertheless clear that whatever the levels, the President's efforts in 1977 to increase veteran participation under CETA had little effect. In 1977, Vietnam veterans did just about as well as they did in 1976.

The same problems have appeared in the targeted tax credit program. Outreach efforts were only begun around four months ago. Not surprisingly, as of the first VA release, only 1,500 veterans have been placed through the credit.

The credit was carefully designed to allow interface with the VA's OJT program. But interface is hard to effect, and while we await with interest the results of testimony, we are seeing no appreciable success.

Mr. Chairman, failures in the delivery of employment programs are more than just mechanical problems. They create the classic problem of frustrating expectations through inadequate implementation. Programs flooded in the rhetoric of press releases encourage Vietnam veterans who then find the program isn't available or is ineffective.

While efforts to correct the implementational problems continue ,Title I of H.R. 6050 provides veterans with greater immediate control over their employment futures. Under Sections 2035 and 2036, Vietnam veterans can go to employers, armed with their eligibility and the financial reward for the employer that eligibility means, and generate their own jobs.

But equally important, the reimbursement scheduled under the program give employers an incentive to stop for a moment before they hire and make sure they notify Vietnam veterans of the position, as well as search their own files for the attractive Vietnam veteran applicant who may have banged on their door two months ago. Employers are not only encouraged to do the mandatory listing we have had so much trouble mandating, but also to do the file searching we are having so much trouble imposing on state employment service offices. The program delivers itself.

CONCLUSION

Mr. Chairman, the last two years have seen important strides in public support for Vietnam veterans. The recent Louis Harris Poll has documented the breadth of that support. But there have been more movies than successful programs. We hope this committee will take the leadership and fill the vacuum.

STATEMENT OF STEVEN CHAMPLIN, SPECIAL ASSISTANT TO THE DIRECTOR, VIETNAM VETERANS OF AMERICA

Mr. **Champlin.** Thank you, Mr. Chairman.

I would like to begin by introducing Mr. Terzano to this subcommittee. Mr. Terzano is doing a lot of our national speaking from coast to coast, and I thought while submitting our statement for the record, it would be most informative for the subcommittee if Mr. Terzano addressed the legislation in light of his perceptions from the field. John?

STATEMENT OF JOHN TERZANO, LEGISLATIVE DIRECTOR, VIETNAM VETERANS OF AMERICA

Mr. **Terzano.** Thank you.

Mr. Chairman, I am happy to be here today, to address the continuing employment needs of Vietnam veterans.

I am particularly happy to endorse H.R. 5581. This bill offers a unique opportunity to finally address the continuing employment problems that are affecting too many Vietnam veterans.

Mr. Chairman, this subcommittee faces a difficult decision. In the time of budget crisis, this subcommittee has to decide where to allocate increasingly scarce resources.

Today, especially, the budget crisis comes home, for the subcommittee is looking at two expensive proposals—a 15 percent increase in the GI bill payments and H.R. 5581, the career development and training program. There very well may not be enough money for both proposals. Where should the committee allocate its funds?

Mr. Chairman, I think a proper sense of priorities answers the question clearly. The first priority is to help those who bore the greatest sacrifice. The first need is to insure that those most in need secure help.

Unfortunately, the mechanics of the delimiting date are such that few veterans who actually served will ever see any of the cost-of-living increase in the GI bill. They simply are not eligible.

Of the nearly 3 million veterans who served in Southeast Asia, only 877,000 were discharged in 1972, or later. The rest, over 2 million, simply will not see a cost-of-living increase.

214

But equally important for Vietnam combat veterans approaching the average age of 35, with a wife and two kids, school is no longer, for most, a viable option.

The recently released study by the Center for Policy Research found that 53 percent of the veterans who served in Vietnam never returned to school.

Mr. Chairman, a cost-of-living increase in the GI bill responds to clear needs but, equally clearly, a cost-of-living increase cannot be allowed to entirely crowd out other high priority needs. I urge the chairman to look carefully at available funds in the budget requirements of an employment program and education cost of living, and seek viable middle-of-the-road legislation.

Mr. Chairman, the urgent need for an employment program can be seen from another perspective. Earlier today, Mr. Chairman, you expressed a real concern about reaching the unreachable veteran. Last year, the House Veterans' Affairs Committee secured passage of the readjustment counseling program that is now opening the first of more than 80 centers across the country. Mr. Chairman, on the basis of our field experience, we can tell you that the program has met its first test. The Vietnam veterans are coming to the centers.

The message from across the country is that, where the centers are properly run, Vietnam veterans are coming in. That is an important success. But, Mr. Chairman, success breeds responsibilities. If Vietnam veterans have come through the door—if they are using the readjustment counseling centers—the question then becomes, What services do the centers have to offer them?

The problem, Mr. Chairman, is simple. Many of the veterans who are coming to the centers are underemployed or unemployed, but few will be eligible for the GI bill, and the existing programs outside of title 38 simply are not working.

What are the VA centers to do? How can they make an invitation to come into the counseling centers anything but a hollow promise? Is the VA just saying, "Come see us, but we can't do anything for you?"

Mr. Chairman, the success of the VA readjustment counseling centers is an opportunity. It is an opportunity to bring many Vietnam veterans back into the system. It is an opportunity to reach many veterans who have never been reached before, but it is also a danger, for if the readjustment counseling centers are just another empty promise, just more rhetoric with no programs, then you will lose the veterans you have such an opportunity to win.

The career development and training program gives the VA centers what they need, a serious employment program.

Mr. Chairman, without providing the centers with meaningful services, without tying the veteran into a meaningful job program, you will incur dire consequences.

Out of 200 veterans who were serviced in the Chicago center within the last 2 weeks, two have overdosed on drugs and a third was stopped from jumping in front of a train. Those are the realities and those are the consequences. I thank you.

Chairman **Hefner**. Thank you. We are going to have to take a break, but maybe we can finish with your statement. From your statement, you are opposed to H.R. 6168; not necessarily opposed to it but, if you had to choose between the two pieces of legislation, you would opt for Mr. Daschle's and Mrs. Heckler's proposed legislation. Did I read that right?

Mr. TERZANO. Yes; you read that right. Our proposal is this: The cost-of-living increase, as it says in the statement, is not going to reach the combat veteran, those who are in dire need of a program.

I, for one, was one who went to school under the current GI bill, and I understand the frustrations and everything involved but, to me, a 15-percent increase in the cost of living would totally wipe out every other program that is needed.

Chairman HEFNER. You mentioned the unfortunate situation in Chicago. You had two people who died from an overdose and one who was a potential suicide, I am assuming because of the drugs.

Would this proposed legislation reach these types of people?

Mr. TERZANO. I feel it will help if you can tie the outreach centers in with the meaningful job program. The veterans who are coming in have a long history of underemployment or unemployment, and the centers, right now, do not have a meaningful job service program that they can tie these veterans into. They can bring the veterans in and they can talk in their rap groups about their experiences in Vietnam, but that will only carry you so far. Unless you are able to tie them into a meaningful job program, the rap groups are going to mean nothing because the veterans are going to see that as just another hollow promise.

Chairman HEFNER. You mean there are no existing programs they can take advantage of at this particular time?

Mr. TERZANO. No; there isn't. They are trying to tie them in with other community-based organizations, but it is hard.

One of the good programs that they have started is the White House targeted cities program, where they have colocated in Baltimore with the outreach program. That is what is needed. You have to tie all the existing services that are available into the center.

Chairman HEFNER. We've got 10 minutes to make a vote. Would you mind staying—do you want to go catch the vote and come back?

Mr. DASCHLE. I'll tell you what, I've got a markup, but I'd like to just make a comment, if I could.

Chairman HEFNER. I will catch the vote and come back; rather than recess, we'll just come back and finish up, and you can take whatever time you need.

Mr. DASCHLE. Mr. Terzano, I have to tell you that I wish the other Members could have heard your statement here this morning. It is clear that those veterans who are most directly affected by the legislation that I am proposing with Mrs. Heckler are those who support it. I think that you have laid out an eloquent statement as to why we need that bill. It does us little good to have an outreach program, a program that is finally finding those veterans who need the most help, and only turn around and tell them that after we've found them, that there is nothing that we can give them.

I think that the point you make is a good one. I am delighted to know that you support this legislation. I think it is absolutely imperative that we get that message out to the rest of our colleagues that it does us no good whatsoever to rely upon the employment programs we have right now.

CETA and HIRE have been disasters, and I think it is time that we start looking at a new chart on which we can base better employment figures than the one we have.

I regret the other Members didn't hear your statement but, with your permission, I'd like to put it in the Congressional Record, to insure that a broader group of people can be aware of your efforts.

Mr. **Terzano**. I have no objection to that, Mr. Daschle.

Mr. **Daschle**. With that, I think we will recess to catch the vote, and the chairman will be coming back.

Whereupon, at 12:05 p.m., the subcommittee was recessed, to reconvene at the call of the Chair.]

[Whereupon, at 12:22 p.m., the subcommittee was reconvened.]

Chairman **Hefner**. The subcommittee will come to order. We want to try to finish our witness list before the bells ring again. We are subject to be called at any time.

There have been references to an article entitled "Vietnam Veterans in the Labor Market in the 1970's," which was taken from the Monthly Labor Review, published by the Bureau of Labor Statistics, which includes a number of interesting factors regarding the employment situation for Vietnam-era veterans. For example, this article indicates that during the 1970's, Vietnam veterans had a higher median income than the comparable nonveterans within age groupings between 20 and 34 years of age. The article points out that even though the Vietnam era has been over for more than 4 years, many veterans who served during that era are still making the transition to civilian life. While important differences remain in the labor force between veterans and nonveterans, the article goes on to point out that veterans are on an equal or better footing on the labor market than are their contemporary nonveterans, and that a higher proportion of their population is employed and have higher annual incomes. The article concludes, however, that as with the general population, young veterans and minorities experience the greatest labor market problems.

I request that the article entitled, "Vietnam Veterans in the Labor Market in the 1970's," be made a part of the hearing record at this point.

Vietnam veterans in the labor market of the 1970's

The overall employment situation of these men was much improved by 1978; the young veterans still had higher unemployment rates than their nonveteran counterparts, but as they grow older, their work characteristics become more like those of nonveterans

JOHN F. STINSON, JR.

The 1970's have been a difficult time for many of the Vietnam-era veterans making the transition from military to civilian life.[1] As they have moved back into the mainstream of American society, these men have encountered many obstacles, especially difficulties in the labor market.[2]

This article examines trends in the employment situation of male Vietnam-era veterans in this decade and details their labor force characteristics in 1978.[3] The focus is on those age 20 to 34 years, contrasting their status with that of nonveterans of the same age. Also, a brief look is provided at veterans 35 years and over, a group whose ranks have been expanding rapidly in recent years as the veterans' cohort has aged.

Shifting age structure

In 1978, there were 8.3 million male Vietnam-era veterans 20 years and over in the civilian noninstitutional population. Almost 6.5 million, or about 80 percent, were age 20 to 34.

The proportion of young veterans (20 to 24 years), who face the most severe problems of joblessness, has fallen steadily throughout the 1970's—from 48 percent of the 20 to 34 total in 1970 to only 12 percent by 1978. Thus, since 1970, the bulk of the population has shifted to the higher age groupings. The 30- to 34-year-olds have shown a particularly pronounced increase, rising from about 8 percent of the 20 to 24 age group in 1970, to more than 52 percent by 1978. (See table 1.)

These shifts in the age composition of Vietnam-era veterans reflect the fact that their population is virtually closed; their ranks can only be augmented by a diminishing number of military personnel being discharged by the Armed Forces who had some service during the Vietnam conflict.[4] Consequently, the movement out of the youngest age groups as the veterans grow older is not being offset by a large influx of young persons being discharged from the Armed Forces, and the average age of the Vietnam-era veteran population has been steadily increasing.

In contrast to the sharp changes in the age composition of the Vietnam-era veteran population since 1970, the age structure of the 20- to 34-year-old male nonveteran population has remained stable. Throughout the 1970's, the 20- to 24-year-olds have averaged about 45 percent of nonveterans age 20 to 34, compared with 30 percent for those age 25 to 29 and 25 percent for those age 30 to 34.

This difference in age structure between Vietnam-era veterans and nonveterans significantly affects the comparison of their labor market situations. With the veteran population so heavily concentrated with 25- to 34-year-olds who have accumulated more labor market experience, all other things remaining equal, labor force

---

John F. Stinson, Jr., is an economist in the Office of Current Employment Analysis, Bureau of Labor Statistics.

Chart 1. Unemployment rates of male Vietnam-era veterans and nonveterans, by age group, 1970-78

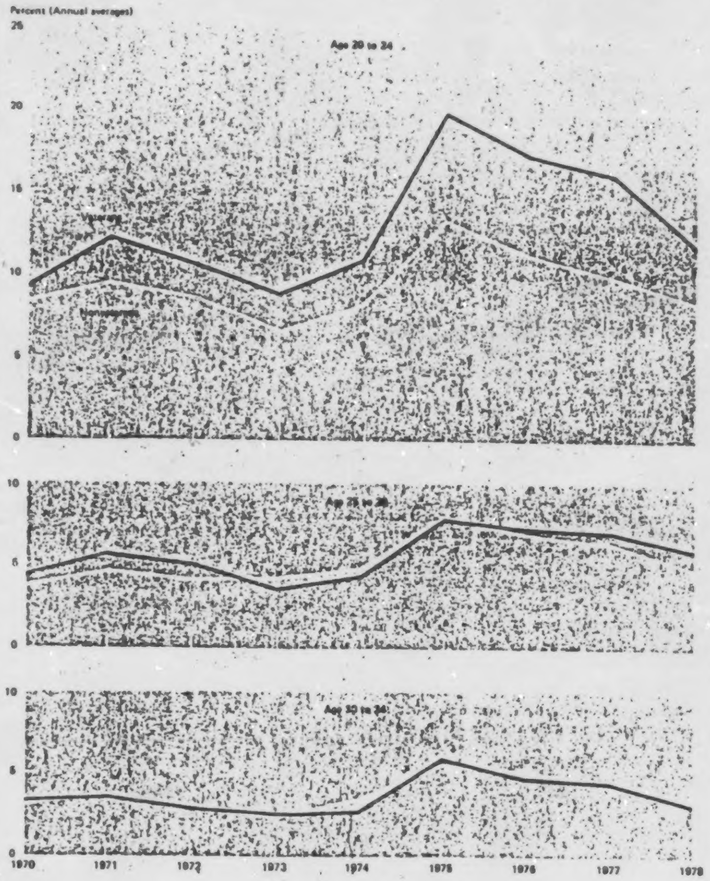

Table 1. Percent distribution of the male Vietnam-era veteran and nonveteran population, by age, selected years, annual averages, 1970–78

Age group	1970	1972	1974	1976	1978
VETERANS					
Total, 20 to 34 years (thousands)	3,718	5,232	6,156	6,704	6,486
Percent	100.0	100.0	100.0	100.0	100.0
20 to 24 years	48.3	37.8	22.3	16.2	11.6
25 to 29 years	44.1	48.9	55.5	49.2	36.3
30 to 34 years	7.6	13.3	22.1	34.6	52.1
NONVETERANS					
Total, 20 to 34 years (thousands)	11,963	13,422	14,892	16,725	18,486
Percent	100.0	100.0	100.0	100.0	100.0
20 to 24 years	42.0	46.0	47.1	47.3	45.4
25 to 29 years	32.3	28.6	27.3	30.0	33.0
30 to 34 years	25.7	25.4	25.6	22.8	21.6

NOTE: Data are for the civilian noninstitutional population.

participation rates will be higher and jobless rates lower than for nonveterans who are much younger on average. Because of these differences in the veteran and nonveteran populations age 20 to 34, this article pays special attention to comparisons of the individual 5-year age groups—the 20- to 24-year-olds, the 25 to 29 and the 30 to 34.[3]

The shifting age structure of the Vietnam-era veteran population reduces the ability to make comparisons of levels over time. As a result, this discussion of labor market developments during the 1970's will focus largely on annual average percentages, such as the civilian labor force participation rate, the unemployment rate, and the employment-population ratio.[4]

Labor force trends

Participation. There were 670,000 Vietnam-era veterans age 20 to 24 in the civilian labor force in 1978. Their labor force participation rate averaged 89.2 percent compared with 85.6 percent for their nonveteran counterparts. Participation of these young veterans has been consistently above that of young nonveterans throughout the 1970's. (See table 2.) One reason may be that the school enrollment of nonveterans has been uninterrupted by military service; thus, they are more likely to have remained out of the labor force over this phase of their life than veterans who, while deciding if they want to continue their education, are either working or looking for work.

Veterans and nonveterans age 25 to 29 had the same rate of labor force participation in 1978—94.7 percent. Historically, there have been no significant differences in their participation rates; both have remained in a relatively narrow range of 94 to 95.5 percent since 1969. The participation rate for 30- to 34-year-old veterans was 96.8 percent in 1978, compared with 95.6 percent for nonveterans, and has been higher in every year, except in 1970 when veteran and nonveteran rates were the same.

Employment and unemployment. The employment-population ratio—the proportion of the population that is employed—for 20- to 24-year-old veterans was slightly above that of nonveterans in 1978, but this has not always been the case. Prior to 1975, the veterans' ratio had been higher in each of the 5 years. However, during the recession, it plummeted precipitously at a pace that was much steeper than that experienced by nonveterans: 1978 was the first year that their ratio was once again above that of nonveterans.

The employment-population ratios for veterans and nonveterans in the 25 to 29 and 30 to 34 age groups have shown trends similar to those of their labor force participation rates. In the 25 to 29 age group, the ratios for both veterans and nonveterans have been pretty much the same during the 1970's. For 30- to 34-year-olds, the veterans' ratios have been above those of nonveterans in every year, except in 1970 when they were identical.

Throughout the 1970's, veterans age 20 to 24 years have encountered the most serious unemployment problems. In 1978, their jobless rate averaged 11.9 percent, compared with 8.6 percent for young nonveterans. The 1974–75 recession resulted in an unusually rapid rise in the jobless rate of young veterans, from about 9 percent in 1973 to nearly 20 percent in 1975. The jobless rate of young veterans has been consistently above that of their nonveteran counterparts; the differential was particularly pronounced in the 1975–77 period, when it exceeded 6 percentage points in each year. (See chart 1.)

Some of the disparity between unemployment rates of young veterans and nonveterans may be explained by the fact that younger nonveterans have a longer labor market tenure and, thus, are better established in jobs. In addition, Vietnam-era veterans are eligible for unemployment compensation payments based on their military service wage credits, which play a significant role in softening the impact of their joblessness and may possibly encourage some veterans to continue job search activities until they find the "right" job. However, many unemployed younger nonveterans, who do not have enough wage credits either to qualify for unemployment compensation or to receive benefits for the maximum period, may feel pressed to take any job available. Of course, these differences in circumstances tend to disappear with both increasing age and elapsed time following the date of discharge.

The jobless rate for veterans in the 25 to 29 age group averaged 6.0 percent in 1978, compared with 4.9 percent for their nonveteran counterparts. Unemployment rates for both veterans and nonveterans in this age group fell between the high rates of the 20- to 24-year-olds and the lower rates of the older and more experienced 30- to 34-year-olds.

The jobless situation of veterans in the 25- to 29-year age group shifted several times during the 1970's, relative to that of their nonveteran counterparts. From 1970 to 1972, the incidence of unemployment among veterans was greater, as large numbers of young men were being discharged from the Armed Forces and were entering the civilian job market. From 1973 to 1975, the veterans' jobless rate was either below or about the same as that of nonveterans. From 1976 to 1978, the rate for veterans was once again above the nonveteran rate, with the gap between the two widening slightly each year.

Unemployment rates for the 30- to 34-year-old age group have not differed greatly for veterans and nonveterans. For the most part, members of this age group have completed their schooling and have accumulated significant labor market experience. Consequently, unemployment for both groups has remained well below the overall national average. The jobless rate for 30- to 34-year-old veterans averaged 3.1 percent in 1978, while the average rate for nonveterans was 3.5 percent.

Black and Hispanic veterans. In 1978, as has been the case since labor force data for Vietnam-era veterans were first collected in 1970, the labor market situation for black veterans and veterans of other racial minorities was considerably worse than that for white veterans. White veterans across all age groups had higher rates of labor force participation than black veterans and much higher employment-population ratios. (See table 3.) The employment-population ratio gap was particularly pronounced in the 20 to 24 age group, where the black ratio was more than 15 percentage points below that of whites. That the 1974–75 recession had a large impact on black veterans, particularly young veterans, is illustrated by the behavior of the employment-population ratio of those age 20 to 24. Their ratio fell by 20 percentage points between 1973 and 1975 and, while it has improved each year since 1975, still remains well below prerecession levels.

The unemployment rate for black veterans age 20 to 34 averaged 11.0 percent in 1978, compared with 4.5 percent for white veterans. Whereas the jobless rate differential between the two groups has always been sizable, it has been particularly wide since 1975, as black veterans recovered more slowly than whites from the effects of the 1974–75 recession.

The unemployment rate for 20- to 24-year-old black veterans averaged 24.1 percent in 1978, compared with 10.1 percent for their white counterparts. The rate for these young black veterans peaked at 31 percent during the recession year of 1975, marking them as the group with the highest incidence of unemployment, after black teenagers.

Although the unemployment rates for black veterans in the 25 to 29 and 30 to 34 age groups do not approach those of younger black veterans, they are still considerably greater than those of their white veteran counterparts. In 1978, the unemployment rate for 25- to 29-year-old black veterans averaged 12.3 percent, compared with 5.2 percent for white veterans. The corresponding figures for 30- to 34-year-old veterans were 5.8 percent for blacks and 2.8 percent for whites. The jobless rate for black veterans in the 30 to 34 age range has been more than twice that of white veterans for each year since 1974.

While the employment situation of black veterans is considerably worse than that of white veterans, it does not differ greatly from that of black nonveterans. In 1978, black veterans had higher rates of labor force participation and higher employment-population ratios than black nonveterans in each of the age groups comprising the 20- to 34-year-old total. However, black veterans in the 20- to 24- and 25- to 29-year-old age groups had higher jobless rates in 1978 than their nonveteran counterparts; the rate for 30- to 34-year-old black veterans was below that of their nonveteran counterparts, for the first time since 1973.

In 1978, for the first time, data was tabulated on the population and employment status of Vietnam-era veterans of Hispanic origin.[7] There were 250,000 Hispanic veterans age 20 to 34 years in the civilian noninstitutional population and 92.4 percent of them were in the labor force. Their employment-population ratio was about halfway between the ratios for black veterans and white veterans.

Unemployment rates for Hispanic veterans were somewhat above the rates for white veterans but were well below those for black veterans. As with both white and black veterans, the unemployment rate for Hispanic veterans was highest in the 20 to 24 age group, with successively lower rates in the 25 to 29 and 30 to 34 groups.

Worker characteristics

The employed. There were 5.9 million veterans age 20 to 34 years employed in 1978. A number of noteworthy patterns in their employment are revealed when comparisons are made between their occupational and industrial distributions and that of nonveterans.

Veterans in the 20 to 24 and 25 to 29 age groups were less likely to hold white-collar jobs than their nonveteran counterparts. (See table 4.) The difference was most pronounced in the professional and technical category, where about 6 percent of 20- to 24-year-old veterans and 12 percent of 25- to 29-year-old veterans held such jobs, compared with proportions of 10 and 21 percent among nonveterans in the same age groups. The situation was reversed in blue-collar occupations veterans in both the 20 to 24 and 25 to 29 age groups had

Table 2. Employment status of male Vietnam-era veterans and nonveterans, by age, annual averages, 1970–78

(Numbers in thousands)

Employment status and age	1970	1971	1972	1973	1974	1975	1976	1977	1978
VETERANS									
Total, 20 to 34 years									
Civilian noninstitutional population	3,718	4,500	5,232	5,706	6,154	6,467	6,704	6,810	6,486
Civilian labor force	3,460	4,150	4,880	5,366	5,820	6,065	6,318	6,487	6,173
Participation rate	93.1	92.2	93.3	93.8	94.5	93.8	94.2	95.1	95.2
Employment	3,232	3,809	4,552	5,080	5,510	5,500	5,817	6,015	5,859
Employment-population ratio	86.9	84.6	87.0	89.2	89.5	85.0	86.8	88.2	90.3
Unemployment	228	341	328	286	310	565	501	472	314
Unemployment rate	6.6	8.2	6.7	5.0	5.3	9.3	7.9	7.3	5.1
20 to 24 years									
Civilian noninstitutional population	1,795	1,953	1,935	1,669	1,376	1,175	1,086	1,041	753
Civilian labor force	1,621	1,736	1,752	1,510	1,234	1,019	941	927	672
Participation rate	90.3	88.9	90.5	90.5	89.7	86.7	86.6	89.0	89.2
Employment	1,470	1,523	1,565	1,376	1,099	817	777	777	592
Employment-population ratio	81.9	78.0	80.9	82.4	79.8	69.5	71.5	74.6	78.6
Unemployment	151	212	187	134	135	202	164	150	80
Unemployment rate	9.3	12.2	10.7	8.9	10.9	19.8	17.4	16.2	11.9
25 to 29 years									
Civilian noninstitutional population	1,641	2,104	2,613	3,030	3,420	3,481	3,296	2,988	2,357
Civilian labor force	1,566	1,979	2,464	2,867	3,258	3,290	3,117	2,845	2,233
Participation rate	95.4	94.1	94.3	94.8	95.3	94.5	94.6	95.2	94.7
Employment	1,498	1,865	2,342	2,761	3,120	3,030	2,888	2,644	2,100
Employment-population ratio	91.3	88.6	89.6	91.1	91.2	87.0	87.6	88.5	89.1
Unemployment	68	114	122	106	138	260	229	201	133
Unemployment rate	4.3	5.7	5.0	3.7	4.2	7.9	7.3	7.1	6.0
30 to 34 years									
Civilian noninstitutional population	281	446	694	1,016	1,360	1,811	2,322	2,788	3,376
Civilian labor force	272	436	674	988	1,327	1,756	2,260	2,715	3,268
Participation rate	96.8	97.8	97.1	97.2	97.6	97.0	97.3	97.4	96.8
Employment	264	420	655	962	1,291	1,652	2,152	2,594	3,167
Employment-population ratio	94.0	94.2	94.6	94.7	94.9	91.2	92.7	93.0	93.8
Unemployment	9	15	20	26	36	103	108	121	101
Unemployment rate	3.2	3.5	2.9	2.6	2.7	5.9	4.8	4.5	3.1
NONVETERANS									
Total, 20 to 34 years									
Civilian noninstitutional population	11,963	12,616	13,422	14,361	14,992	15,879	16,734	17,582	18,486
Civilian labor force	10,719	11,263	11,992	12,948	13,590	14,278	15,094	15,888	16,779
Participation rate	89.6	89.3	89.3	90.2	90.6	89.9	90.2	90.4	90.8
Employment	10,160	10,554	11,302	12,316	12,777	12,874	13,817	14,695	15,746
Employment-population ratio	84.9	83.7	84.2	85.8	85.2	81.1	82.6	83.6	85.2
Unemployment	559	708	690	632	813	1,404	1,277	1,193	1,033
Unemployment rate	5.2	6.3	5.8	4.9	6.0	9.8	8.5	7.5	6.2
20 to 24 years									
Civilian noninstitutional population	5,024	5,500	6,035	6,636	7,063	7,572	7,912	8,156	8,360
Civilian labor force	4,058	4,448	4,942	5,569	6,018	6,379	6,725	6,949	7,166
Participation rate	80.8	80.9	81.9	83.9	85.2	84.2	85.0	85.2	85.7
Employment	3,732	4,027	4,510	5,190	5,523	5,522	5,966	6,254	6,547
Employment-population ratio	74.3	73.2	74.7	78.2	78.2	72.9	75.4	76.7	78.3
Unemployment	326	422	432	379	496	857	759	695	619
Unemployment rate	8.0	9.5	8.7	6.8	8.2	13.4	11.3	10.0	8.6
25 to 29 years									
Civilian noninstitutional population	3,861	3,892	3,966	4,124	4,100	4,437	5,010	5,367	6,094
Civilian labor force	3,678	3,694	3,760	3,909	3,884	4,193	4,720	5,058	5,771
Participation rate	95.3	94.9	94.8	94.8	94.7	94.5	94.2	94.2	94.7
Employment	3,537	3,522	3,603	3,741	3,693	3,857	4,389	4,735	5,491
Employment-population ratio	91.6	90.5	90.8	90.7	90.1	86.9	87.6	88.2	90.1
Unemployment	141	172	157	168	190	336	331	323	280
Unemployment rate	3.8	4.7	4.2	4.3	4.9	8.0	7.0	6.4	4.9
30 to 34 years									
Civilian noninstitutional population	3,077	3,225	3,416	3,604	3,832	3,870	3,807	4,059	4,000
Civilian labor force	2,983	3,120	3,290	3,471	3,687	3,707	3,649	3,880	3,822
Participation rate	96.9	96.7	96.3	96.3	96.2	95.8	95.8	95.6	95.6
Employment	2,891	3,005	3,189	3,386	3,561	3,495	3,462	3,706	3,688
Employment-population ratio	94.0	93.2	93.4	94.0	92.9	90.3	90.9	91.3	92.2
Unemployment	92	115	101	85	127	212	187	174	134
Unemployment rate	3.1	3.7	3.1	2.4	3.4	5.7	5.1	4.5	3.5

higher proportions of employment than their nonveteran counterparts.

These differences in the occupational structure of veterans and nonveterans continued into the 30 to 34 age group, although the size of the difference was considerably smaller. The closer congruity is to be expected, because by the time veterans reach this older age group they often have completed their schooling, which was interrupted by military service, and have gradually taken on characteristics similar to those of nonveterans.

Black veterans 20 to 34 years were much less likely than white veterans of the same age to be employed as

Table 3. Employment status of male Vietnam-era veterans and nonveterans, by age, race, and Hispanic origin, annual averages, 1977-78

[Numbers in thousands]

Employment status and age	Veterans						Nonveterans					
	White		Black and other		Hispanic origin		White		Black and other		Hispanic origin	
	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978
Total, 20 to 34 years												
Civilian noninstitutional population	6,119	5,843	699	643	.....	249	15,298	16,080	2,286	2,426	.....	1,209
Civilian labor force	5,856	5,580	631	593	.....	230	13,966	14,738	1,922	2,041	.....	1,110
Participation rate	95.7	95.5	90.3	92.2	.....	92.4	91.3	91.6	84.1	84.1	.....	91.8
Employment	5,484	5,331	531	528	.....	215	13,047	13,973	1,648	1,773	.....	1,025
Employment-population ratio	89.6	91.2	76.0	82.1	.....	86.3	85.3	87.0	72.1	73.1	.....	84.8
Unemployment	372	249	100	65	.....	15	919	765	274	268	.....	85
Unemployment rate	6.4	4.5	15.8	11.0	.....	6.5	6.6	5.2	14.3	13.1	.....	7.7
20 to 24 years												
Civilian noninstitutional population	867	652	174	101	.....	47	7,136	7,299	1,009	1,101	.....	532
Civilian labor force	782	585	145	87	.....	39	6,162	6,337	786	849	.....	469
Participation rate	90.2	89.7	83.3	86.1	.....	83.0	86.4	86.8	77.8	77.1	.....	88.2
Employment	674	526	103	66	.....	35	5,626	5,881	626	686	.....	427
Employment-population ratio	77.7	80.7	59.2	65.3	.....	74.5	78.8	80.7	61.6	62.3	.....	80.3
Unemployment	108	59	42	21	.....	4	536	456	160	163	.....	42
Unemployment rate	13.8	10.1	29.0	24.1	.....	10.3	8.7	7.2	20.3	19.2	.....	9.0
25 to 29 years												
Civilian noninstitutional population	2,702	2,111	287	246	.....	100	4,666	5,324	701	772	.....	394
Civilian labor force	2,584	2,005	261	228	.....	94	4,433	5,082	625	689	.....	375
Participation rate	95.6	95.0	90.9	92.7	.....	94.0	95.0	95.5	89.2	89.2	.....	95.2
Employment	2,417	1,900	227	200	.....	87	4,182	4,870	553	621	.....	349
Employment-population ratio	89.5	90.0	79.1	81.3	.....	87.0	89.6	91.5	78.9	80.4	.....	88.6
Unemployment	167	105	34	28	.....	7	251	212	72	68	.....	26
Unemployment rate	6.5	5.2	13.0	12.3	.....	7.4	5.7	4.2	11.5	9.9	.....	6.9
30 to 34 years												
Civilian noninstitutional population	2,550	3,080	238	299	.....	102	3,496	3,447	564	553	.....	283
Civilian labor force	2,490	2,990	225	279	.....	97	3,371	3,319	509	503	.....	266
Participation rate	97.6	97.1	94.5	93.3	.....	95.1	96.4	96.3	90.2	91.0	.....	94.0
Employment	2,393	2,905	201	263	.....	93	3,239	3,222	467	466	.....	249
Employment-population ratio	93.8	94.3	84.5	88.5	.....	91.2	92.6	93.5	82.8	84.3	.....	88.0
Unemployment	97	85	24	16	.....	4	132	97	42	37	.....	17
Unemployment rate	3.9	2.8	10.7	5.8	.....	4.1	3.9	2.9	8.3	7.4	.....	6.4

NOTE: Dashes indicate data not available.

white-collar workers, slightly more likely to be blue-collar workers, and significantly more likely to have jobs in service occupations.

There were relatively few differences in the distribution of employment by industry for veterans and nonveterans throughout the 20 to 34 age range. The only notable difference was that veterans were more likely than nonveterans to be employed in government. At least part of this disparity derives from the various veterans preference hiring programs at both the Federal and State and local government levels.

The proportion of black veterans 20 to 34 years employed in government (27 percent) was nearly twice that of white veterans (15 percent). Only 14 percent of black nonveterans in this age range were employed as government workers, indicating that the veteran's preference programs in hiring are particularly important for blacks.

One measure of labor market performance in which Vietnam-era veterans consistently outstrip their nonveteran contemporaries is the area of personal income. In 1977, the most recent year for which these data are available, veterans had a higher median personal money income than nonveterans within each of the age groups within the 20- to 39-year-old range. The gap was largest among 35- to 39-year-olds, as shown in the following tabulation:[8]

	Veterans	*Nonveterans*
20 to 24 years	$ 6,750	$ 5,860
25 to 29 years	11,380	10,810
30 to 34 years	14,470	13,780
35 to 39 years	16,680	15,290

The unemployed. In 1978, there were 314,000 unemployed Vietnam-era veterans age 20 to 34, while there were more than a million jobless nonveterans of the same age. There were some important differences between the two groups in both reasons for and duration of unemployment.

The 20- to 24-year-old veterans were slightly more likely to be job losers than nonveterans and a little less likely to be reentrants into the labor force. Higher proportions of veterans than nonveterans in the 25 to 29 and 30 to 34 age groups were on layoff, while smaller proportions were unemployed due to job loss other than layoff. The proportion of unemployed in the other reasons for unemployment categories — job leavers, entrants, and reentrants — was virtually the same for both groups. (See table 5.)

The duration of unemployment was about the same for both veterans and nonveterans in the 20 to 24 and 30 to 34 age groups. Within the 25 to 29 group, there were fewer veterans unemployed less than 5 weeks than there were nonveterans, but more veterans were jobless between 5 and 14 weeks.

Black veterans not only had higher rates of unemployment than white veterans, but they also remained unemployed for longer periods of time. In 1978, 35 percent of the unemployed black veterans age 20 to 34 years were jobless for 15 weeks or longer, compared with 25 percent for white veterans.

Those not in the labor force. In 1978, 313,000 veterans and 1.7 million nonveterans age 20 to 34 were not in the labor force. Their reasons for nonparticipation varied widely by age.

Slightly more than half of the youngest veterans (20 to 24 years) cited school attendance as the reason for nonparticipation, while nearly three-fourths of the nonveterans of the same age gave that reason. Interestingly, veterans in the 25 to 29 and 30 to 34 age groups were more likely than their nonveteran counterparts to be in school. (See table 6.) Undoubtedly, these differences in the older age groups are a reflection of the educational benefits available to veterans.

The young veterans were more likely to give ill healt or disability as the reason for nonparticipation. Amon those age 25 to 29, ill health was cited by essentiall equal proportions of both veterans and nonveteran within the 30- to 34-year age group, the percentage wa higher for nonveterans.

The labor market difficulties of veterans age 20 to 2 are indicated not only by their high unemployment rate but also by the large proportion of those not in the labor force who said they were not currently looking fo work because they thought they could not find a job. Ten percent of the youngest veterans outside the labor force were such "discouraged workers," compared with only 3 percent of nonveterans of the same age. In the 25 to 29 and 30 to 34 age groups, the proportions of discouraged workers were lower for veterans.

The older veterans

The bulk of the Vietnam-era veteran population is still concentrated among those 20 to 34 years; however, in recent years, increasing numbers have been moving into the ranks of those age 35 and over. In 1978, there were 1.1 million veterans in the 35- to 39-years age

Table 4. Employed male Vietnam-era veterans and nonveterans, by age, race, occupation, and industry, 1978 annual averages

[Percent distribution]

Occupation and industry group	Veterans						Nonveterans					
	Total, 20 to 34 years	20 to 24 years	25 to 29 years	30 to 34 years	White, 20 to 34 years	Black and other, 20 to 34 years	Total, 20 to 34 years	20 to 24 years	25 to 29 years	30 to 34 years	White, 20 to 34 years	Black and others, 20 to 34 years
OCCUPATION												
Total employed (thousands)	5,858	582	2,100	3,176	5,331	527	15,744	6,567	5,490	3,687	13,972	1,773
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
White-collar workers	38.7	20.4	33.0	45.0	39.6	28.2	38.8	29.3	45.7	48.7	41.0	30.0
Professional and technical workers	14.8	5.7	11.8	18.4	15.3	8.5	17.0	10.0	20.7	23.8	17.5	12.4
Managers and administrators, except farm	11.6	4.1	9.0	14.7	12.1	6.1	10.3	5.8	12.1	15.5	10.9	5.6
Salesworkers	5.3	3.7	4.8	5.8	5.6	2.7	6.0	5.8	6.3	5.8	6.3	3.3
Clerical workers	6.8	6.8	7.2	6.8	6.8	11.0	6.8	7.7	6.6	4.6	6.3	8.7
Blue-collar workers	52.1	68.6	56.8	45.8	51.8	56.4	48.3	58.1	44.3	41.1	48.8	53.2
Craft and kindred workers	25.8	25.3	27.6	24.6	26.4	18.7	20.7	21.7	20.5	18.1	21.5	14.3
Operatives, except transport	13.5	21.8	15.0	11.0	13.2	16.7	13.9	16.6	12.0	11.5	13.3	18.0
Transport equipment operatives	6.7	7.9	7.2	6.1	6.5	8.1	5.8	6.6	5.4	5.5	5.8	7.4
Nonfarm laborers	6.2	13.6	7.1	4.2	5.8	9.7	8.8	13.0	6.5	5.0	8.3	13.5
Service workers	7.6	9.8	8.3	6.8	6.9	14.8	7.5	8.1	6.8	5.7	6.8	13.4
Farmworkers	1.5	1.0	1.8	1.5	1.7	0.4	3.4	3.5	3.2	3.4	3.4	3.4
INDUSTRY												
Total employed (thousands)	5,858	582	2,100	3,176	5,331	527	15,744	6,567	5,490	3,687	13,972	1,773
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Nonagricultural industries	98.0	98.1	97.8	98.2	97.8	99.6	95.8	95.5	96.2	95.9	95.8	96.1
Private wage and salary workers	76.0	82.8	77.0	74.2	76.7	68.8	78.4	83.7	76.8	71.3	78.3	76.7
Construction	7.9	10.1	8.8	6.9	8.3	4.4	8.9	11.0	7.9	6.8	9.2	6.9
Manufacturing	28.3	31.1	28.7	27.4	28.2	28.8	26.8	27.0	26.1	27.7	26.3	31.0
Durable goods	19.1	22.3	19.6	18.1	19.2	18.2	17.4	17.4	16.8	18.3	17.2	19.1
Nondurable goods	9.2	8.8	9.1	9.3	9.1	10.4	9.4	9.6	9.3	9.4	9.1	11.9
Transportation and public utilities	9.7	8.9	8.8	10.4	9.5	11.8	6.1	5.7	6.8	5.7	6.0	8.9
Wholesale and retail trade	15.9	17.8	16.0	13.9	15.6	10.2	18.7	23.0	17.1	13.6	19.0	16.8
Finance, insurance, and real estate	3.6	2.8	2.9	4.3	3.6	3.2	3.8	3.0	4.2	4.3	3.8	3.6
Services	9.8	11.1	10.0	9.7	9.8	11.2	12.7	12.7	13.3	11.9	12.7	13.0
Government workers	16.5	12.7	16.0	17.6	15.4	27.3	11.8	8.6	13.2	15.5	11.5	14.3
Self-employed and unpaid family workers	5.4	2.7	4.7	6.5	5.8	2.5	5.6	3.2	6.2	9.1	5.8	3.1
Agriculture	2.0	2.0	2.3	1.8	2.2	0.4	4.2	4.5	3.8	4.1	4.2	4.0

Table 5. Unemployed male Vietnam-era veterans and nonveterans age 20 to 34 years, by reason for unemployment and duration of unemployment, 1978 annual averages

[Percent distribution]

Reason and duration	Total		20 to 24 years		25 to 29 years		30 to 34 years	
	Veterans	Non-veterans	Veterans	Non-veterans	Veterans	Non-veterans	Veterans	Non-veterans
REASON								
Total unemployed (thousands)	314	1,033	80	610	133	280	101	134
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Job losers	62.2	57.5	56.3	52.0	62.3	64.5	65.7	67.9
On layoff	20.6	15.0	15.0	13.4	20.3	17.1	25.5	17.0
Other job losers	41.6	42.4	41.3	38.6	42.0	47.1	40.2	50.9
Job leavers	17.5	17.8	17.5	17.6	18.0	17.1	17.0	18.4
Reentrants	16.8	20.4	17.5	23.0	17.3	16.1	15.7	13.4
New entrants	3.5	4.7	8.8	6.5	1.5	2.1	1.0	2.2
DURATION								
Total unemployed (thousands)	314	1,033	80	610	133	280	101	134
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than 5 weeks	37.8	41.9	43.6	43.0	31.6	40.5	37.3	38.8
5-14 weeks	34.9	32.0	33.6	33.0	38.1	30.8	30.4	32.3
15 weeks and over	27.3	26.1	22.8	23.8	30.3	28.7	32.4	30.8

Table 6. Vietnam-era veterans and nonveterans age 20 to 34 years who are not in the labor force, by reason for not seeking work, 1978 annual averages

[Percent distribution]

Reason for not seeking work	Veterans				Nonveterans			
	Total	20 to 24 years	25 to 29 years	30 to 34 years	Total	20 to 24 years	25 to 29 years	30 to 34 years
Not in the labor force (thousands)	313	81	134	100	1,707	1,290	238	170
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
In school	47.3	51.9	54.8	35.2	60.7	71.2	42.0	21.3
Ill health, disability	20.0	12.3	18.5	28.0	12.6	6.3	18.1	38.8
No desire for work	18.5	16.0	16.1	23.1	17.8	14.7	28.4	23.6
Think cannot get job	5.4	9.9	4.8	2.8	3.6	2.8	5.5	5.1
All other reasons	8.6	9.9	5.6	11.1	5.3	5.0	6.1	10.7

group, accounting for 13.5 percent of all Vietnam-era veterans; those age 40 and over totaled 700,000, or 8.6 percent of the total.

By the time veterans reach these older age groups, they have become fairly well assimilated into civilian life, and most labor market differences between them and their nonveteran counterparts have generally faded. This is reflected in the similarity of the labor force characteristics of veterans and nonveterans in the 35- to 39-years age group and the reasonably close congruence among those age 40 and over. Nearly 97 percent of veterans in the 35 to 39 age group were in the labor force in 1978, a slightly higher proportion than among nonveterans of the same age. The average unemployment rate in 1978 for both groups was identical, as shown in the following tabulation (numbers in thousands):

	Veterans	*Nonveterans*
Civilian noninstitutional population	1,129	3,599
Civilian labor force	1,094	3,447
Percent of population	96.9	95.8
Employment	1,061	3,345
Unemployment	33	102
Unemployment rate	3.0	3.0

Among veterans age 40 years and over, the labor force participation rate was about 85 percent, while it was about 56 percent for nonveterans in the same age range. This large difference is artificial, stemming from the fact that nonveterans are much more highly concentrated at the upper age ranges than are veterans and, therefore, are much more likely to be retired or out of the labor force for health reasons. The jobless rates for veterans and nonveterans age 40 years and over were very close in 1978, as shown in the following tabulation (numbers in thousands):

	Veterans	*Nonveterans*
Civilian noninstitutional population	718	16,268
Civilian labor force	607	9,148
Percent of population	84.5	56.2
Employment	586	8,845
Unemployment	21	303
Unemployment rate	3.5	3.3

THE VIETNAM ERA has been over for more than 4 years, but many veterans who served during that era are still making the transition to civilian life. Important differences remain between the labor force and employment characteristics of veterans and those of their contemporaries who did not serve in the Armed Forces. In some respects, veterans are on an equal or better footing in the labor market than nonveterans: a higher proportion of their population is employed and they have higher annual incomes. In other respects, veterans are still lagging behind: they have higher unemployment rates in some age groups and have lower proportions employed in the professional and managerial occupations. As with the general population, young veterans and minorities experience the greatest labor market problems. □

FOOTNOTES

[1] A number of efforts have been developed by both government and private organizations to ease the transition of veterans into the civilian labor market. A detailed description of the various programs designed to provide job training for veterans and to help them secure employment can be found in "Veterans Services in 1978," *Employment and Training Report of the President* (U.S. Department of Labor, Employment and Training Administration, 1979), pp. 125–49.

[2] In this report, Vietnam-era veterans are men who served in the U.S. Armed Forces between Aug. 5, 1964, and May 7, 1975, and are now in the civilian noninstitutional population. Nonveterans are those who have never served in the Armed Forces or who served only in peacetime prior to June 27, 1950—the beginning of the Korean conflict. Not included in this report are post-Korean-conflict veterans (men who served between Feb. 1, 1955, and Aug. 4, 1964), post-Vietnam veterans (men who served after May 7, 1975), and about 178,000 women veterans of the Vietnam era (labor force data for them are not available).

[3] Unless otherwise indicated, data on the civilian noninstitutional population, labor force, and employment status are derived from the Current Population Survey, a monthly household survey conducted by the Bureau of the Census nationwide in approximately 56,000 households (prior to 1978, the survey was collected in 47,000 households). Because the data are collected from a sample, they are subject to sampling error, which may be relatively large for the smaller figures and for small differences between figures. Standard errors of monthly estimates are published by the Bureau of Labor Statistics in one of its monthly periodicals, *Employment and Earnings*. Details about basic labor force concepts, sample design, and estimating methods are described in *Concepts and Methods Used in Labor Force Statistics Derived from the Current Population Survey*, Report 463 (Bureau of Labor Statistics, 1976).

The most recent report in the series on the employment situation of Vietnam-era veterans is Kathryn R. Gover and Beverly J. McEaddy, "Job situation of Vietnam-era veterans," *Monthly Labor Review*, August 1974, pp. 17–26, reprinted as Special Labor Force Report 167.

[4] In fiscal year 1978, there were about 30,000 persons separated from the Armed Forces who had service during the Vietnam era, compared with slightly more than a million in fiscal year 1970, the peak year of discharges.

[5] Even these comparisons have their limitations because the veteran and nonveteran populations are not homogeneously distributed within the 5-year age groups. In 1977 and 1978, in particular, the 20 to 24 age group was heavily concentrated with 23- and 24-year-old veterans, while nonveterans were about equally distributed throughout the 20 to 24 age group.

[6] The Bureau of Labor Statistics discontinued publication of seasonally adjusted data at the end of 1978, because the changing age composition of the veteran population prohibited the separation of the seasonal component from the trend component in the seasonal adjustment process.

[7] Data on persons of Hispanic origin are tabulated separately, without regard to race, which means that they are also included in the data for both white and black workers. At the time of the 1970 census, approximately 96 percent of their population were white.

[8] Data are from *Educational and Income Characteristics of Veterans* (Veterans Administration, Reports and Statistics Service, 1978), p. 12.

Mr. HEFNER. From the Disabled American Veterans, Mr. Stephen Edmiston, administrative assistant, is our next witness. Your written statement will appear at this point in the record.

[The statement follows:]

STATEMENT OF STEPHEN L. EDMISTON, ADMINISTRATIVE ASSISTANT, DISABLED AMERICAN VETERANS

Mr. Chairman and members of the subcommittee, on behalf of the 658,000 members of the Disabled American Veterans, I wish to thank you and the members of the subcommittee for allowing us this opportunity to express our views on legislation presently pending before the subcommittee which would impact upon employment and education programs for veterans and affect the education program for the survivors and dependents of service-connected disabled veterans.

At the outset, Mr. Chairman, the DAV would like to take this opportunity to extend to you and the members of the Subcommittee our sincere appreciation for the legislation passed by the House (H.R. 5288) during the First Session of the 96th Congress that would improve and modernize the VA Vocational Rehabilitation Program (Chapter 31) for service-connected disabled veterans.

As you know, the DAV membership is composed of honorably discharged veterans who were wounded, injured or otherwise disabled in the wartime military service of their country. It therefore follows that our organization is primarily concerned with veterans educational benefits provided by the Vocational Rehabilitation Program under Chapter 31 and the Survivors and Dependents Educational Assistance Program provided under Chapter 35 of Title 38, United States Code.

However, though our organization was founded on the principle that, in terms of veterans benefits and services, this nation's first obligation rests with the rehabilitation of its service-connected wartime disabled, the DAV is also concerned over those federal programs designed to enhance the educational opportunities of veterans in general.

Therefore, we are grateful to you, Mr. Chairman, and the members of the subcommittee for holding these hearings and for exhibiting your sincere interest in these programs.

H.R. 6165

H.R. 6165 proposes to amend Title 38, United States Code to allow certain veterans with active military service prior to January 1, 1977 to participate in the Post-Vietnam Era Veterans Educational Assistance program (Chapter 32).

We understand this proposed amendment is an effort to remove an inequity which presently exists in current law which precludes an individual who did not "initially" enter into active military service on or after January 1, 1977 from participating in the contributory educational assistance program under Chapter 32.

Apparently, Mr. Chairman, there is a small group of active service personnel who "initially" entered active service prior to January 1, 1977 and, for valid reasons, were released from active duty with less than 180 days of active service. Accordingly, these individuals were not eligible for veterans' educational assistance under Chapter 34, Title 38, United States Code.

Subsequent to January 1, 1977 many of these individuals again enlisted in the military service with full expectation of being able to participate in the Post-Vietnam Era Educational Assistance Program. Unfortunately, under current law, individuals are only eligible for this program if they "initially" enter active service on or after January 1, 1977.

While the DAV has no official position on the proposal set forth in H.R. 6165, we have no objections to the provisions which seek to correct an inequity inadvertently created in the Chapter 32 Education Program.

H.R. 6166, H.R. 6167 AND H.R. 6168

Through appropriate amendment of section 1624, Title 38, United States Code, H.R. 6166 would provide for disbursement of unused Post-Vietnam Era Veterans' Educational Assistance contributions upon the death of a participant. Mr. Chairman, the DAV believes this proposal, in additional to improving current statutory language, provides a clear and concise delineation for disbursement of unused Chapter 32 contributions in the event of the participant's death.

As you may know, Mr. Chairman, the VA is currently in the process of perfecting regulations which would accommodate the proposal set forth in H.R. 6167. If enacted, this measure would amend Section 1692(b)(2) of Title 38, United States Code to preclude the payment of tutorial assistance to eligible veterans when the assistance is provided by the veteran's parent. spouse, brother or sister.

The Disabled American Veterans is not aware of any abuse in this area. However, over the years our organization has consistently supported initiatives designed to curtail abuse and to eliminate the possibility of wasteful expenditures in the Veterans Administration.

H.R. 6168, introduced by yourself, Mr. Chairman, proposes to increase by 15 percent the rates of educational assistance and special training allowance paid to eligible veterans and individuals participating under Chapter 34, 35 and 36 of Title 38, United States Code.

The last time the rates of educational assistance and the special training allowance were increased for those eligible for benefits under Chapters 34, 35 and 36 was October 1, 1977 (Public Law 95-202). At that time, these individuals were afforded a 6.6 percent adjustment in their benefits. There have been no further adjustments of these rates while the Consumer Price Index has risen by more than 20 percent in the two years since the enactment of Public Law 95-202. Further, there seems to be no relief in sight as current projections for calendar year 1980 again reflect double digit inflation.

Mr. Chairman, the DAV has no National Convention mandate supporting the enactment of any of the provisions outlined in H.R. 6166, H.R. 6167 or H.R. 6168. However, as two of these measures seem to be designed to clarify the intent of Congress and because VA education subsistence allowances have fallen victim to the ever-spiraling cost of living, we do not oppose the enactment of these measures.

H.R. 5581

Mr. Chairman, we have had an opporunity to review and analyze in detail H.R. 5581 which is intended to enhance the employment of Vietnam era veterans through a program of outreach and supportive services and through a career development, advancement and training program. Shortly after its introduction this measure became known as the "HIRE III" Program since its concepts incorporate the guidelines of the original Help Through Industry Retraining and Employment Programs (HIRE I and II).

While we certainly commend Mrs. Heckler and Mr. Daschle for their ongoing efforts to address the unemployment problems faced by all too many Vietnam era veterans, we are opposed to the concept of "paying" employers to hire veterans. Rather, Mr. Chairman, we believe that the Department of Labor should be expanding its emphasis on enforcement of existing laws passed by Congress over the last several years—laws which are designed to enhance the employment opportunities of all veterans and which, if properly and aggressively implemented, could make a significant impact upon the high rate of unemployment among Vietnam era veterans.

The very idea that we should have to pay employers to hire those who served our country during a period of armed conflict is extremely distasteful to the Disabled American Veterans. Mr. Chairman, as you know, veterans are the only group identified in law to receive priority services through the Employment Security System. Despite that, development and implementation of public policy over the years has relegated the veteran to a second class citizen. Current and past Administrations have placed more emphasis on the needs of other disadvantaged groups than on those who, in time of national need, served this country. It is our opinion that Vietnam veterans continue to suffer a disproportionate share of the high rate of unemployment in our nation today. Several factors contribute to the staggering unemployment of Vietnam era veterans. They include the lack of training and education, poor design and implementation of new programs and a total lack of commitment to enforce existing laws and regulations.

The Congressional Budget Office estimates a cost of $502 million to implement the program outlined in H.R. 5581. It is our opinion, Mr. Chairman, that the money could be put to better use by increasing existing resources and continuing a relatively successful program such as the Disabled Veterans Outreach Program (DVOP). At current expenditures, we could fund DVOP for approximately another 20 years for the amount estimated to implement H.R. 5581. In our view, we don't need to pay employers as much as we need to redirect DOL emphasis on job development, counseling and placement activities for veterans. Further, we are apprehensive that such a program may open the door for fraud and abuse on the part of employers.

We believe, Mr. Chairman, that employers do not react to "subsidies," but rather to external pressures. Barnhill-Hayes, a management consultant firm in Milwaukee, Wisconsin, recently surveyed 300 employers. One of those survey questions was designed to extract from employers their feelings as to which employee group would make the most significant employer gains over the next several years. Vietnam era veterans came in last. Employers gave as reason for their pessimism the fact that "Vietnam veterans had no clout." This statement vividly confirms our belief that the Department of Labor has little interest in "wielding clout" when it comes to enforcement of existing affirmative action laws on behalf of Vietnam veterans.

H.R. 6327

Mr. Chairman, H.R. 6327, introduced by Mr. Daschle, is similar in nature but not in scope to H.R. 5581. For the reasons stated above, we are also unable to support this bill. Again, Mr. Daschle should be commended for his efforts to improve the plight of Vietnam era veterans. However, we do not believe that the approach outlined in H.R. 6327 properly addresses the current unemployment problems of Vietnam era veterans. Additionally, we believe that without assurances of permanent employment, many employers would take unfair advantage of eligible veterans—using them to supplement their work force on a temporary basis while concurrently receiving subsidies from the federal government.

It is significant to note, Mr. Chairman, that proposals similar to H.R. 5581 and H.R. 6327 were recently debated and rejected (by a substantial margin) on the floor of the Senate.

This completes my statement, Mr. Chairman, and I wish to again thank you and the members of the Subcommittee for allowing the Disabled American Veterans to present its views on these important subjects.

STATEMENT OF STEPHEN L. EDMISTON, ADMINISTRATIVE ASSISTANT, DISABLED AMERICAN VETERANS

Mr. Edmiston. Thank you, Mr. Chairman.

Accompanying me today is Mr. Ronald W. Drach, our national employment director.

Mr. Chairman and members of the subcommittee, on behalf of the 658,000 members of the Disabled American Veterans (DAV), I wish to thank you and the members of the subcommittee for allowing us this opportunity to express our views on legislation presently pending before the subcommittee.

At the outset, Mr. Chairman, the DAV would like to take this opportunity to extend to you and the members of the subcommittee our sincere appreciation for the efforts that you put forth in the enactment, or the passage, of H.R. 6288, and we are hopeful that by the end of this year we will see this enacted.

Even though the DAV is primarily concerned with the rehabilitation of service-connected disabled veterans, we are also concerned about educational opportunities for veterans in general.

With respect to H.R. 6165, 6166, 6167, and 6168, we have no official convention mandate regarding these provisions; however, since one of these measures seeks to correct an inequity in current law, and two other measures seem to be designed to clarify the intent of Congress, and because educational subsistence allowances have fallen victim to the ever-spiraling cost of living, we do not oppose the enactment of these measures.

In regard to H.R. 5581 and H.R. 6327, the DAV is unable to support these bills for the reasons that we have outlined in our testimony.

At this point, Mr. Chaisman, I would like Mr. Drach to make some additional comments regarding those two bills.

STATEMENT OF RONALD W. DRACH, NATIONAL EMPLOYMENT DIRECTOR, DISABLED AMERICAN VETERANS

Mr. Drach. Thank you, Mr. Chairman.

I appreciate the opportunity to be here, and we are going to digress a little bit from our prepared statement, since it will be submitted for the record, to address a few other issues that have come up this morning in the discussion of H.R. 5581 and H.R. 6327. I have a whole list here, and I could talk all afternoon but, for the sake of time, I would just like to mention two or three items about why we don't support those two bills and the reasons for that.

I think perhaps we have the wrong audience here to testify before this subcommittee. Mr. Daschle mentioned earlier that he has talked to a lot of employers. I have talked to about 180 employers in the last 1½ years, at conferences dealing with affirmative action for disabled veterans and Vietnam-era veterans.

Almost all of them, if you get them aside privately and swear to keep their anonymity, will tell you right up front that the reason they are not hiring veterans is because of pressures from EEOC and OFCCP to hire more minorities and women, and they don't look for cash incentives to hire anybody.

The White House Conference on Small Business convened in early January. You didn't hear this vast majority, 2,200 delegates. They were not talking about subsidies. They were talking about capital formation. They were talking about less bureaucratic redtape. They were talking about more minority contracts, everything across the economic spectrum except job subsidies.

They are not interested in subsidies. They don't want Federal money. They are afraid of section 504—Nondiscrimination Under Federal Programs and Activities—of the Rehabilitation Act, if they take these Federal moneys.

The targeted jobs tax credit is a little bit different, in that it doesn't provide a direct subsidy, and there has been a ruling that that is not Federal money when they take a tax credit because it is their own money that they are actually saving, as opposed to a direct refund from the Government, out of general revenues.

Maybe we should be talking to more employers to find out what it is going to take, if anything, to hire more Vietnam veterans and disabled veterans.

We have experienced approximately 19 years of various forms of subsidized employment. Subsidized employment, on the surface, appears to be good in the short run, but not in the long run.

If we would take all of the statistics that the various agencies and programs give us about the number of placements, I would suspect that unemployment, nationally, would be about one-half of a percent.

If the administration is really concerned about balancing the budget, I'd like to make two recommendations, or one recommendation, that they look at two programs to consider abolishing, that would save considerable number of dollars. I think both of these programs are relatively cost ineffective; one is the CETA program—and I don't think anybody had anything good to say about CETA this morning, whether it's for veterans or for other disadvantaged groups. The other, and I think even less cost effective than CETA, is the National Alliance of Business, not only for veterans but, again, for other disadvantaged groups.

They are in the numbers game, they are in the public relations game, they are not in the jobs business. They are not creating new jobs. They are not getting jobs for anybody who is disadvantaged, and we could save considerable dollars by looking very hard at those two programs.

I will be happy to answer any questions, or Mr. Edmiston, on the other issues.

Chairman **Hefner.** I only have one question, and I would appreciate your opinion. Have the employment programs administered by the Department of Labor been more effective since the establishment of the position of Deputy Assistant Secretary for Veterans Employment?

Mr. **Drach.** I would have to say, no, sir. If you look at the programs, CETA has never served veterans. I doubt that it ever will serve veterans. I don't think a Deputy Assistant Secretary of Labor for Veterans Employment or an Assistant Secretary of Labor for Veterans Employment is going to do much good in terms of CETA.

The HIRE I program was a debacle. We predicted in March 1977, that it was designed to fail. It was designed to fail by people in the Department of Labor who had no real concern for veterans. If they had, they would have made it an all-veterans program, as was promised to us in June 1977. Instead, they included disadvantaged youth and other economically disadvantaged people. Those two groups, in the HIRE I program, received jobs at a rate of 12 to 1 over disabled veterans.

They could hardly tell us how many minority veterans were actually employed in either HIRE I or HIRE II. Those were the two primary targets in the HIRE program, as indicated by Secretary Marshall on January 27, 1977, after his swearing in—the disabled and the minority Vietnam era veteran.

Those two groups still have the highest unemployment rates in this country today, even taking into consideration minority youth. Disabled veterans, Vietnam era unemployment rate is estimated by the White House itself, to be 50 percent.

Now, the Department of Labor can approximate that the DVOP program, which is about the most successful program for veterans, has placed about 17,000 disabled Vietnam era veterans. If we start out on the premise of about 50 percent unemployment rate, we have 250,000 disabled Vietnam era veterans and we have put to work 17,000. That leaves 233,000. Percentagewise, we've probably dropped from 50 percent to 48.5 percent. They want to abolish that program—the only successful program ever designed by the Department of Labor, and that hasn't even been implemented properly and, if it were, we could bring the unemployment rate down much, much more.

Chairman HEFNER. I have no further questions. I will leave the record open in case any of the other members would like to submit questions or comments. We thank you gentlemen for being with us, and we appreciate your patience.

Mr. EDMISTON. Thank you, Mr. Chairman.

Chairman HEFNER. During the past year, the rates of unemployment for Vietnam veterans in the 25- to 39-year age bracket have, on a monthly basis, been consistently lower than nonveterans in the same age group. The rate of unemployment for the younger veteran, age 20 to 24, many of whom probably did not serve in the Armed Forces from August 5, 1964, to May 7, 1975, in the Vietnam era, has been far too high. While there is much more to be done, I think these statistics on an overall basis are very encouraging and are an indication of improvement in the labor market during 1979 for the majority of Vietnam veterans, especially in the 25- to 39-year-old group.

At this point, I request that the employment status of male Vietnam-era veterans and nonveterans, by age, for 1979, be made a part of the hearing record.

[The information follows:]

TABLE 1.—EMPLOYMENT STATUS OF MALE VIETNAM-ERA VETERANS AND NONVETERANS BY AGE, 1979 ANNUAL AVERAGES

[Numbers in thousands]

	Age					
		25 to 39				
Veteran and employment status	20 to 24 yr	Total	25 to 29 yr	30 to 34 yr	35 to 39 yr	40 yr and over
Veterans:						
Civilian noninstitutional population	552	7,127	1,966	3,602	1,559	845
Civilian labor force	508	6,877	1,868	3,494	1,515	726
Participation rate	92.0	96.5	95.0	97.0	97.2	85.9
Employment	450	6,611	1,760	3,379	1,472	702
Employment-population ratio	81.5	92.8	89.5	93.8	94.4	83.1
Unemployment	58	266	108	115	43	24
Unemployment rate	11.4	3.9	5.8	3.3	2.8	3.3
Nonveterans:						
Civilian noninstitutional population	8,547	14,578	6,657	4,186	3,735	16,438
Civilian labor force	7,364	13,863	6,305	3,992	3,566	9,309
Participation rate	86.2	95.1	94.7	95.4	95.5	56.6
Employment	6,782	13,325	6,017	3,851	3,457	9,009
Employment-population ratio	79.3	91.4	90.4	92.0	92.6	54.8
Unemployment	582	538	288	141	109	300
Unemployment rate	7.9	3.9	4.6	3.5	3.1	3.2

Source: Current population survey, U.S. Department of Labor, Bureau of Labor Statistics.

Chairman HEFNER. Our next witness is the National Association of State Approving Agencies, Mr. Sterling R. Provost, Legislative Director. Your written statement will appear at this point in the record.

[The statement follows:]

STATEMENT BY DR. STERLING R. PROVOST, LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES

Mr. Chairman, lady, and gentlemen of the subcommittee; I am Dr. Sterling R. Provost, State Approving Agency Director for the State of Utah. I also serve as Legislative Director for the National Association of State Approving Agencies. As such, I gratefully accept the invitation to represent our members in appearing before this panel today.

As an organization, we have developed through the years what we believe is an expertise in implementing the intent of the Congress with respect to "G.I. Bill" educational measures. I am thus appreciative of the opportunity to present the posture of our membership on a number of issues relating to legislative proposals of interest to this body.

Before proceeding with these, however, I desire to parenthetically add in a succinct manner two clarifications. In the Senate version of Public Law 95202 (November 23, 1977), Section 305(b)(2) prescribed the conduct of several studies. One of these was to investigate the course approval process. The National Association of State Approving Agencies is presently concluding not only its analysis of that final report, but also to arrive at its own methods, both internally and externally, of improving this important system. We wish, therefore, to go on record that when our work is concluded, we may have more comprehensive actions to recommend to this committee, et al. Secondly, with the likelihood that House Resolution 5288 will be referred to a House-Senate Conference Committee in the future, several of the statements contained in this document are presented in the hopes that they will be seriously considered at such time as these deliberations commence.

TITLE 38, UNITED STATES CODE

Chapter 31

This proposition is not within our present purview of responsibility, according to Federal Law. We therefore have no comment at this time

Chapter 32

I am in the process of contacting appropriate House Armed Services Committee staffers, and ultimately Department of Defense officials, in an attempt to inform them that our Association, individually and collectively, will assist in any meaningful way to improve the productivity of that program.

Chapters 34, 35, and 36

These will be addressed in conjunction with the following heading:

H.R. 5288, TITLE II, PART A

Title II, part A

Sec. 201, on line 9 following (2):

We might suggest that in amending section 1671 38 U.S.C. the following wording be used: "The Administrator shall approve such application unless the Administrator finds that such veteran or person is not eligible for or entitled to the educational assistance applied for, or that after appropriate consultation with the appropriate State approving agency the veteran's or person's program of education fails to meet any of the requirements of this chapter . . ."

This will make consistent the role of the States in matters involving educational determinations.

Sec. 202(a). Graduate employment report:

The study completed in 1978 by our association remains as our official position on the 50 percent survey. (This has previously been submitted by my predecessor for your perusal.) We are still gravely concerned that any results obtained do not, in all instances, justify the tremendous burdens placed upon the schools, the State approving agencies, and the V.A. Regional Offices.

It is our contention that this modification continues to penalize schools because it presupposes that all students who leave before graduation are dissatisfied, or worse. It is our deduction that the predominance of those students who withdraw do so to obtain earlier employment in a related field, OR because they must leave for generic reasons which, in many instances are beyond the person's control at a given time. The report should therefore apply to only those who graduate.

Furthermore, full or less than full-time employment becomes a personal matter and, as such, should not enter into the purposes of the survey. The school, and especially governmental agencies, should not determine what rightful use a student should make of his education and/or placement opportunities. His intent may be completely altered as he goes through a program of training. Neither he nor the school should therefore be unnecessarily disciplined by reason of the student's not following the course to its 'normal' fruition.

By way of amending the proposed approach, (a) the survey might be conducted annually, (b) it should consist of all students who are enrolled during the last term of the year, (c) any use of school records to complete the required forms are subject to audit, and (d) there should be a uniform reporting period: EX, July 1 through June 30th.

Sec. 227(a) There shall be an advisory committee formed by the Administrator which shall be composed of a State approving agency representative and persons.

Title V

Sec. 501. Effective dates for enacted legislation:

We realize that this is an inherent right of the Congress to establish and do not desire to intrude. However, we would respectfully submit that all dates involving schools might coincide with the accepted commencement and ending of the standard academic year. Such a decision would greatly ease the implementing mechanism. In the same spirit, we would also request your favorable consideration that dates would not be made retroactive, for the same reason.

Administrative costs

A request for an increase has been submitted to Representative Hefner for favorable action by the appropriate bodies. This would increase our funding to the same level as that recommended for G.I. Bill education beneficiaries.

Might we suggest that possibly the desired solution for the future could be a program of automatic increases such as the recognized "cost-of-living" increment, which is utilized in many federal programs.

Now, in addition to our position on Title 38, we were also asked to present our views on certain other proposals:

H.R. 5581

We are not sufficiently knowledgeable to comment on the worth of the program itself. I do desire, however, to share the past experience of our apprenticeship and other on-the-job training people.

The main problem appears to be the designation of the Department of Labor as the approving agency (Paragraph 2132(1)). A general statement should suffice:

"In contrast to the record of VA on-the-job programs, 86 percent of whose graduates were placed in jobs directly related to their training, a GAO study of CETA OJT training reports. . . . About 58 percent obtained unsubsidized employment after the OJT period; and about 38 percent were still working for their employers six months after completing OJT. Many of the remaining 62 percent remained unemployed, as evidenced by (1) contacts with them and (2) those applying for unemployment benefits. . . . It is widely held that the more rigorous VA approval criteria are responsible for the greater value of its on-the-job training. However, approval agency staff point out that they are at a disadvantage in promoting OJT training because CETA pays the employers to participate while the VA does not." (Harold Orlans, et al. "GI Course Approvals," Washington, D.C.: The National Academy of Public Administration Foundation, August 1979. p. 394.)

In our judgment existing State approving agencies should then be so stipulated. We have an ongoing approval process for VA programs establish which is effective. The SAA could set up and approve the programs; the Department of Labor, Job Service, etc., could then refer eligible veterans to the appropriate jobs.

There is one other change which we might recommend. Subchapter III, paragraph 2114(1) states: ". . . which consists of seasonal intermittent or temporary jobs." We request that the word "seasonal" be struck. If left in, the wording would effectively close off the program for a number of states because of the nature of the employment market.

H.R. 6165, 6166, 6167, AND 6168

With the possible exception of 6168, these measures would seemingly have little effect on State approving agency operations. (We have already commented on "Administrative Costs" in conjunction with our Title 38 testimony.)

We have no adverse reactions, however, to the intent, principles, or philosophy set forth therein.

By way of conclusion, Representative Heckler and Gentlemen, we are mindful of your frustrations as you seek on the one hand accountability and fiscal responsiveness, while also endeavoring to ensure that eligible persons under Title 38 U.S.C. have the maximum quality education and training programs necessary to satisfy the intent of the G.I. Bill. In addition, it is the duty of all parties involved in every segment of the approval and supervision process to discharge fully their duty and yet retain their individuality and character as prescribed in current Federal Law.

We believe that through a continuation of mutual cooperation, yes, and negotiation, that the eligible person, the school/training establishment, the State approving agency, the Veterans Administration, and the Congress can prevail in administering the complexities of the proposed legislation.

Last, but certainly far from least, we desire to express profound appreciation to the House Veterans Affairs Committee staff. These persons have always proffered generously their advice and wisdom in matters of mutual interest and concern. It is our high hope that this relationship will continue! Once again, thank you for the many courtesies afforded us through the years!

Now, should you have any questions, I will endeavor to respond in kind.

STATEMENT OF DR. STERLING R. PROVOST, LEGISLATIVE DIRECTOR, NATIONAL ASSOCIATION OF STATE APPROVING AGENCIES

Mr. PROVOST. Thank you, Mr. Chairman.

In summarizing my prepared statement this morning, there are just a minimum of observations I would like to highlight.

First, we have concern over the potentiality of the submission of H.R. 5288 to the conference committee, and we trust that the House committee will be tenacious in its not allowing the other body to dominate those interests which, we have concluded, are for the advantage of institutions, States, as well as the students that we serve.

Second, we recognize that chapter 32 of title 38 has been something less than overwhelming. Accordingly, I have contacted the House Armed Services Committee staffers and am working with the Department of Defense officials in an attempt to inform them that our association, individually and collectively, will assist in any meaningful way to improve the productivity of that program or what may result.

Third, we would seriously urge that a State Approving Agency representative be specified for membership on the proposed advisory committee, as found in H.R. 5288, title 2, part I, section 227(a).

And, finally, you have heard testimony this morning concerning the general ineffectiveness of the CETA programs and our members would strongly concur. So, in our judgment, existing State Approving Agencies should be so stipulated. We have a present ongoing approval process for VA programs established, which is effective. The State Approving Agencies could then set up and approve the programs, and the Department of Labor, Job Service, and other interested units might then refer eligible veterans to the appropriate jobs.

As in the past, we anticipate the continuation of a mutual and cooperative spirit with you, Mr. Chairman and the members of the subcommittee.

Now, if you have any questions, I would be happy to reply.

Chairman HEFNER. No, sir, I have no questions. We appreciate your patience in waiting for your turn.

The Veterans Administrator may reimburse State approving agencies for work performed by themselves, or their subcontractors, for ascertaining the qualifications of educational institutions for furnishing courses of education for veterans and their dependents for Veterans' Administration education and training programs.

I hereby request that the record show at this point, the allowance for administrative expenses which may be paid by the Veterans' Administration, and the formula upon which these reimbursable expenses are paid. I would like that to be part of the record.

[Information follows:]

(b) The allowance for administrative expenses incurred pursuant to subsection (a) of this section shall be paid in accordance with the following formula:

Allowance for administrative expense

Total salary cost reimbursable under this section:	
$5,000 or less	$725.
Over $5,000 but not exceeding $10,000.	$1,304.
Over $10,000 but not exceeding $35,000.	$1,304 for the first $10,000 plus $1,208 for each additional $5,000 or fraction thereof.
Over $35,000 but not exceeding $40,000.	$7,891.
Over $40,000 but not exceeding $75,000.	$7,891 for the first $40,000 plus $1,044 for each additional $5,000 or fraction thereof.
Over $75,000 but not exceeding $80,000.	$15,649.
Over $80,000	$15,649 for the first $80,000 plus $912 for each additional $5,000 or fraction thereof.

Mr. Hefner. I certainly would like to thank you for being with us, and your entire statement will be a part of the record and, if any of the members wish to comment or ask questions or need information, we will leave the record open so that they can respond.

Mr. Provost. Thank you very kindly, Mr. Chairman.

Chairman Hefner. Thank you, sir.

Our next witness is the Non-Commissioned Officers Association of the United States, Mr. Richard W. Johnson, Jr.

Mr. Johnson?

Your entire written statement and any extraneous material will be made part of the record. You may proceed in any way you see fit.

[The statement follows:]

STATEMENT OF RICHARD W. JOHNSON, JR., ASSISTANT DIRECTOR OF LEGISLATIVE AFFAIRS, THE NON-COMMISSIONED OFFICERS ASSOCIATION

Mr. Chairman, we thank the committee for allowing us this opportunity to appear.

The Non Commissioned Officers Association of the U.S.A. (NCOA) is here today as an organization with new character. We are still composed of more than 150,000 noncommissioned and petty officers, most of whom are on active duty. We have always recognized these members as in-service veterans. Accordingly, NCOA has been involved in veterans affairs and veterans legislation for a number of years. Still, we have strived to do more.

It therefore gives me great pleasure to announce that NCOA has been recognized as and accredited as a National Veterans Service Organization. As such, we will be better able to serve our members and all veterans. We undertake this role with a firm commitment to provide the best service possible.

Mr. Chairman: This distinguished committee has gathered this morning to consider several areas of oversight for Veterans Education and training programs. Also on the agenda are several specific pieces of legislation.

The legislative proposals include H.R. 6165, to allow certain veterans with service before January 1, 1977 to participate in the Veterans Education Assistance Program; H.R. 6166, to provide for disbursement of VEAP contributions upon the death of the participant; H.R. 6167, to preclude tutorial assistance to eligible veterans by certain family members; and H.R. 6168, to increase rates of educational assistance and special training allowances paid to eligible veterans and persons. NCOA favors and is pleased to support all of these proposals.

Two other measures are under consideration today. H.R. 5581, the "G.I. Bill of Employment Rights" seeks to create several programs of career development, outreach and training for Vietnam era veterans. H.R. 6327, seeks to expand readjustment benefits for Vietnam era veterans by creating a job voucher program. NCOA is opposed to both of these proposals.

I will not dwell on the legislative proposals at this point in my testimony. However, I will expand upon our position on each of these measures later in my statement.

Two areas of oversight concern us more than the legislative proposals before this committee. They are the 1989 delimiting date on education benefits and the method of paying educational assistance allowances to incarcerated veterans.

Mr. Chairman: Public Law 94–502 prescribed December 31, 1989 as the absolute delimiting date for benefits under the Veterans Educational Assistance program for Vietnam era veterans. This limitation, while it may have seemed fair when it passed in 1976, has placed a severe burden on members of the armed forces.

On January 1, 1980, a clock began running. Under current law, not one Vietnam era veteran who is in service today will have a full ten years to use his or her education benefit.

The law in reality makes people choose between continued service in the armed forces, or discharge to use earned education benefits. This leads to the more serious problems of experienced manpower shortages within the armed service.

An Army survey shows that at one time a fourth of all new recruits enlisted in the armed forces for education benefits. Since the G.I. Bill was terminated in January of 1977 voluntary enlistments in the armed forces have steadily declined. Last year not one service achieved its recruiting goal. The Marine Corps has accepted voluntary reductions of approximately 10,000 men per year in hopes of maintaining quality.

According to Admiral Thomas B. Hayward, Chief of Naval Operations, concerning the Navy's personnel posture: "Distinct problems exist in the essential mid-level supervisor area because of a shortage of about 17,000 petty officers with 9 to 16 years of service." The Navy lists the education delimiting date among the reasons for this shortage.

Finally, just two weeks ago, Dr. Hans Mark, Secretary of the Air Force, and General Lew Allen, Jr., Air Force Chief of Staff, stated in a joint presentation to the House Appropriations Committee: "We endorse an extension of G.I. Bill educational entitlements beyond 1989 since current limits may result in many of our people leaving the service prematurely to take advantage of their entitlement."

It may not be incumbent on this committee to take steps to improve the military manpower situation. It is, however, the responsibility of this committee to protect benefits for veterans.

The servicemember who joined in 1969 and remains for twenty years should have the same benefit as a servicemember who joined on December 31, 1976 and remained for two years. There must be justice in the system.

We therefore urge this committee to consider and forward H.R. 2252 to the House with a recommendation for passage. H.R. 2252, by Mr. Bob Wilson of California, allows all servicemembers at least six years after discharge to use the education benefits to which they are entitled. While the bill does not provide the full ten years afforded to other veterans, it will allow them to use their benefits, and not penalize these loyal Americans who continue to wear the uniform of service to our nation.

In our second area of oversight concern, Mr. Chairman, the Non Commissioned Officers Association recommended to this committee last year that it equalize the education benefits paid to in-service veterans and incarcerated veterans.

As you know, the incarcerated veteran is currently paid the full education assistance allowance. This includes the subsistence portion as long as he is enrolled in a qualifying course of study.

On the other hand, the in-service veteran is reimbursed only the actual cost of tuition and fees up to the minimum amount paid to an incarcerated veteran who is a full time student. The in-service veterans is denied the subsistence portion of his education benefit because his subsistence is provided by the military.

This distinguished panel accepted our recommendation. It included in legislation a provision which would pay incarcerated veterans only the actual cost of tuition and fees.

The other body recently removed that language from the House bill. It substituted a program which not only continues the existing inequity but compounds it. Under the Senate proposal an incarcerated veteran will continue to receive the full educational assistance allowance. The portion needed to pay necessary tuition and fees will be paid to them directly. The remainder will be placed in a trust and given to the veteran upon release from prison. (Some have suggested that this will give the veteran some funds for readjustment from prison life. We hasten to remind the committee that education benefits are meant to aid the readjustment of the ex-serviceman, not the ex-convict. Programs to assist in the readjustment of ex-convicts are functions of law enforcement agencies and social welfare organizations, not the VA.)

The remainder of the incarcerated veteran's education assistance allowance may also be paid to his spouse. This can happen only if the veteran asks that such payments be made. However, under the Senate's proposal, the spouse must agree to accept these benefits. This provision was included to prevent the veterans spouse from losing public assistance (welfare) or food stamps.

Gentlemen, we submit that this program has been carved to extremes.

The Senate sponsors have argued that incarcerated veterans who have qualified for training should continue to be paid. We have never objected to this.

Our problem is not with the benefits that are paid to incarcerated veterans. Our grief is with the inconsistency between payments for incarcerated and in-service veterans.

I have used the term in-service veterans several times. This term best describes the active duty service member who enlisted before December 31, 1976, was honorably discharged at the end of the first enlistment, and has reenlisted in the armed forces. It should be noted that all that is required to qualify as a veteran for education benefits is 180 days active duty and an "other than dishonorable discharge."

Yet, we continue to discriminate against the individual who has honorably completed not just one enlistment, but who continues to provide honorable service to this nation. Mr. Chairman, this inequity cannot continue. The members of the Non Commissioned Officers Association feel strongly that it is morally correct and simple justice to ask this committee to do all in its power to see that in-service veterans benefit from the education program to the same degree as all other veterans.

Recent statistics show that 42 percent of in-service veterans have a spouse which they could designate to receive the portion of payments that exceed tuition and fees. But if we make the in-service veteran eligible for the benefits the Senate wishes to offer incarcerated veterans, we must preserve the provision which allows the spouse to refuse payments. A substantial number of families of in-service veterans now receive public assistance or food stamps and we should not jeopardize their eligibility.

Refusal of acceptance of funds by the spouse would create a readjustment trust fund for the in-service veteran as is proposed for the incarcerated veteran. This would be most beneficial to the veteran when he leaves service since there is no severance pay for enlisted members.

Mr. Chairman, if the committee will simply equalize the benefits as it sees fit, NCOA will strongly support the action.

Returning to the legislative proposals under consideration today, here are the Association's views.

H.R. 6165

The bill proposes to allow certain veterans with active duty service prior to January 1, 1977 to participate in the contributory educational assistance program. Under current law, people who initially entered active duty prior to January 1, 1977 are excluded from participating in VEAP even though they may not have performed sufficient service to qualify for educational assistance under chapter 34.

This bill would allow those individuals to participate in the VEAP program. Fewer than 5,000 people are involved.

We support this legislation.

H.R. 6166

The bill seeks to provide for disbursement of unused VEAP contributions upon the death of the participant.

Current law directs that payments of unused benefits be paid to the beneficiary designated to receive SGLI proceeds. If no SGLI beneficiary is designated, unused VEAP contributions are paid to the veterans estate.

H.R. 6166 lists a succession of beneficiaries to whom the unused VEAP contribution would be paid. The disbursement would be consistent with payments under veterans insurance programs.

We support this change.

H.R. 6167

The bill will preclude payment of a tutorial assistance allowance when such assistance is provided by certain family members.

The bill assumes that family members capable and qualified to provide tutorial assistance to veterans have an obligation to do so. We agree.

H.R. 6168

The bill seeks to increase the rates of educational assistance and special training allowance paid to eligible veterans and persons.

The proposed increase is approximately 15 percent.

Mr. Chairman, the last cost of living increase for G.I. Bill students was provided in Public Law 95-202. That increase became effective October 1, 1977.

Since that time the actual cost of living as measured by the CPI has increased more than 20 percent. In fact, the Congressional Budget Office has said a 20.6 percent increase is necessary to offset the current loss of purchasing power. That agency has also projected inflation of approximately 10 percent this year. Since the proposed cost of living increase will not become effective until September of this year, the actual cost of living since the last raise in 1977 will be more than 30 percent.

H.R. 6168 will replace about half of the lost purchasing power of the veteran. We would like to see parity restored to the 1977 level. However, we understand the fiscal restraints and we support this legislation.

H.R. 5581 AND H.R. 6327

Mr. Chairman, while these bills are not similar in language, their goals are very much the same.

Both provide a payment to the employer of a veteran who agrees to train the veteran. The programs combine elements of the VA On the Job Training program (OJT), the Targeted Jobs Tax Credit Program, the Help through Industry Retraining Program (HIRE), and other portions of the Comprehensive Employment and Training Act.

There are a myriad of problems with the creation of either of these programs. Both are plagued with administration and enforcement problems.

Our objection is with the concept of the programs. We are not convinced that paying an employer the veterans education assistance allowance will provide good and lasting jobs to veterans, nor are we convinced that a veteran will adequately benefit if his wages are limited to $11,000 annually.

We agree that a veteran who is not school or college oriented should have an employment readjustment benefit, but neither of these programs seems viable.

We do not support these bills.

Thank you.

STATEMENT OF RICHARD W. JOHNSON, JR., ASSISTANT DIRECTOR OF LEGISLATIVE AFFAIRS, NON-COMMISSIONED OFFICERS ASSOCIATION

Mr. Johnson. Thank you, Mr. Chairman. I will try and be as brief as possible.

The National Commandant of the Marine Corps League has endorsed my statement, and has asked that I represent his 15,000 member congressionally chartered organization also.

I have two areas in oversight that I would like to dwell on. We have commented on the legislation in the statement, and I will be happy to answer any questions you may have on the specific legislation.

The two areas of oversight concern us more. The first is the 1989 delimiting date on chapter 34 benefits that was prescribed by Public Law 94–502, in 1976. Now, this effectively set a clock running on January 1, 1980, for all Vietnam-era veterans and all Vietnam veterans in service today.

They no longer have a full 10-year delimiting period to take advantage of their GI bill benefits. So, what we have is a situation where we are forcing people in the Armed Forces to choose between a career of service to their country, or to choose their veterans benefits.

I know of at least one individual—and I have a letter here—an able enlisted man who has resigned from the Armed Forces, who got out at the end of his third enlistment, simply because of the 1989 delimiting date. He wanted a college education, and he was determined to get it, even at the expense of his service career.

The services have voluntarily accepted personnel cuts because they are not reaching their recruitment goals. Last year, Admiral Hayward stated that he was 15,000 to 17,000 men short in the middle management grades, part of which he attributed to the 1989 delimiting date on the GI bill. Finally, just 2 weeks ago, the Secretary of the Air Force, Dr. Hans Mark, and Gen. Lew Allen, the Chief of Staff of the Air Force, in a joint statement before the House Appropriations Committee, stated and I quote:

> We endorse an extension of the GI bill educational entitlements beyond 1989 since current limits may result in many of our people leaving the service prematurely to take advantage of their entitlement.

I also will mention at this point that they went on to say that the chapter 32 program did not meet the needs of the Air Force, nor did it meet the needs of the other armed services, and they requested the return to another GI bill, or to the current GI bill.

Now, I understand that it is not incumbent on this committee to provide for manpower problems in the Armed Forces, but it is incumbent on this committee to provide veterans benefits to those who have earned them. That includes the people who remain in service today. I think they are entitled to an extension of that 1989 delimiting date. We would recommend that the subcommittee consider H.R. 2252, which will give all veterans a minimum of 6 years past their last discharge to use their GI bill benefits.

The second area of oversight that we would like to address is the treatment of incarcerated veterans and payments they receive under the GI bill.

Mr. Chairman, I'm not sure if you recall, but I was here last year and testified on this very issue. We exchanged dialog on it, and we are personally appalled that we are compensating incarcerated veterans at a greater rate than we are compensating inservice veterans—and that is really what we are talking about, inservice veterans; people who have completed one enlistment and reenlisted in the Armed Forces. We are appalled that the incarcerated veteran gets a larger educational assistance allowance than the man who is in service.

Now, there are a number of things that I want to go into on this, and I have trouble organizing it every time. So, let me refer basically to what happened last year.

This committee adopted language and inserted it into H.R. 5288, which would compute the incarcerated veteran education benefits in the same manner as benefits are computed for active duty service personnel.

Although we would like to have seen the active duty service personnel raised to a full educational entitlement, we find the committee's action last year acceptable.

The Senate has since substituted their own language in H.R. 5288, which provides a savings program for the veteran. If the veteran wishes to, he can designate that his educational assistance benefits go to his spouse. They have included a provision which allows the spouse to refuse to receive payment of the veterans educational assistance benefit if it will jeopardize her entitlement to welfare or food stamps.

Now, that is extreme. That is ridiculous. It is absolutely ludicrous. We have people in the Armed Forces who are on welfare, Mr. Chairman: people right here in Virginia, people right here at Fort Myer, at Fort Belvoir, and I'll be happy to produce one for the committee if it will satisfy them.

But to allow this kind of thing to be created in law, which so obviously discriminates against members of the armed services, is beyond my comprehension.

I don't think it is extreme to say that our association is livid about it.

There is one more thing that I want to say, and it is on this subject, and that is that a veteran who is in a VA hospital undergoing a training program, a veteran who is in a domiciliary care unit, who is undergoing a training program, a veteran who is in a nursing home, and there are a few who are undergoing training programs, are all entitled to a full education assistance allowance even though it results in a duplicative payment for subsistence. Since they are being subsisted by the Veterans' Administration, why should they receive a full educational assistance allowance?

But a man who is on active duty in the Armed Forces, in a hospital, whether it be military or Veterans' Administration, awaiting discharge, is denied the same benefit that can be paid to the man in the bed beside him.

The situation has to be dealt with somehow, Mr. Chairman. We will agree with anything that the committee does, but we urge you to remove the Senate language.

There is one further thing. I have an article here from the Washington Star. It tells about an incarcerated veteran in Oregon, I believe, who advertised in the local newspaper for a wife, just so he could increase his veterans benefits under the GI bill.

And, as you will notice from that article, the VA said, "That's fine. We don't ask him why he gets married, we just pay him."

I thank you, Mr. Chairman. That concludes my statement.

Chairman **Hefner**. I would like to thank you for your statement, and for your explanation of your position on incarcerated veterans receiving full GI benefits.

As you know, the House did limit payments to incarcerated veterans taking GI bill benefits to the actual cost of the course. I believe you agree with that.

Mr. Johnson. Yes, sir.

Chairman Hefner. I can assure you that the House will insist on this provision of H.R. 5288 when the bills are considered. I think that your position is sound and I agree with you.

I would like to thank you for being here, and we will keep the record open if any of the other members have questions they would like to submit.

Thank you, Mr. Johnson.

Mr. Johnson. Thank you, Mr. Chairman.

Chairman Hefner. Our next witness is the American GI Forum of the United States, Mr. Ruben Treviso.

Mr. Treviso, we're happy to have you here. It is good to see you again. Your written statement will appear at this point in the record.

[Statement follows:]

Testimony of Ruben Treviso, American G.I. Forum, on Behalf of Lupe Saldaña, National Chairman, American G.I. Forum

Good Morning, my name is Ruben Treviso, representing the American G.I. Forum, speaking on behalf of Lupe Saldaña, the national chairman of the American G.I. Forum. Mr. Saldaña regrets that he is unable to be present today, because he knows the decisions of this committee impact on all of our members, and the many Hispanic veterans who are not presently receiving services.

For the benefit of those of you who may not be familiar with the G.I. Forum, I will give you a brief profile of our organization. The American G.I. Forum is an organization comprised primarily of Hispanic veterans, their families, and friends who have a commitment to improving the quality of life for Hispanics in this nation. The Forum's founding was precipitated by the case of Private Feliz Longoria who was killed in action in June 1945 while serving in the Philippines. When his remains were flown to his hometown in Three Rivers, Texas, a local funeral home refused to intern Private Longoria because he was of Mexican descent. Through the efforts of our founder, Dr. Hector P. Garcia, and his friend, then Congressman Lyndon B. Johnson, Private Longoria was laid to rest with full military honors at Arlington National Cemetery. Since that time the American G.I. Forum has spoken on the issues that impact our communities, worked with legislators, policy makers, and program providers in addressing the needs of the Hispanic community. Some of the programs that the American G.I. Forum sponsors are:

(1) National Education Foundation,
(2) National Economic Development Corporation,
(3) Jobs Corps,
(4) Veterans outreach programs, and
(5) Service, Employment, Redevelopment (SER), Jobs for Progress, Inc.

The bills which this committee acts on today, seek to solve some of the employment and educational difficulties now being experienced by those veterans who served during the Vietnam Era.

Today, I would like to address specifically the needs of the Hispanic Veteran, and share with you his plight. Hopefully, together we can provide better approaches to serve this group, and develop service models for other groups which traditionally have not used the services of the Veterans Administration and other agencies.

During the period of the Vietnam War the demands of the war drafted a disproportionate number of Hispanics compared to their numbers in the overall population. This unfair draft system accounted for Hispanics having twice the number of combat casualties compared to their percentage in the general population.

Examples of this unfair draft system are:

In 1970[1] New Mexico had a 27 percent Hispanic population.

Of those drafted, 69 percent were Hispanic.

Of those soldiers from New Mexico killed in Vietnam, 44 percent were Hispanic.

---

[1] Montalvo and Sanches (1975).

California with a 10 percent Hispanic population accounted for 22 percent of California's Vietnam casualties being Hispanic.[3]

Due to the lack of equal opportunity for Hispanics in promotions, assignments and schools in the military a disproportionate number of Hispanics were placed in front line assignments in combat areas. A 1970 report by Dr. Steiner, a noted researcher, claims that Hispanics represented 20 percent of front line troops in Vietnam.

The American G.I. Forum is concerned that the needs of those Hispanic Veterans that survived the Vietnam conflict deserve first priority, as research has shown that they are presently not being addressed.

Within our own communities there is a great concern about how veterans are being treated, for the President's plan to reinstitute the registration system has opened up the old wounds of those who have lost loved ones during Vietnam.

Our community has always responded to the defense of this country, for we view it as an act of citizenship. This is proven by the fact that today in the voluntary Army Hispanics make up less than 4 percent of those serving, likewise in the Navy where Hispanics make up less than 3 percent.

Yet despite this historical response to defend this country, the same conditions that established the American G.I. Forum over 32 years ago, still exist. Still many Hispanic veterans find that federal services are not reaching them because of institutional insensitivity.

Factors such as bureaucratic "red tape", institutionalized services, traditional modes of service delivery, lack of community participation, transportation problems, lack of knowledge about services eligibility, in addition to people's perception about health and social welfare programs, all contributed to the situation that even where services exist, not all eligible people are able to take advantage of them. The Veterans Administration, and other agencies, with all their good will that they have displayed, are aware of the fact that over one million and a half Hispanic veterans are not making full utilization of their entitlements.

Dr. Angelita Garcia-Cabrera, while a graduate student at Brandeis University, did her doctoral dissertation on Hispanic Veterans. In this study, in the areas of employment status, she found that Hispanic veterans had the highest percentage of unemployment in the respondent population, 34.5 percent.

The conditions of the Hispanic Vietnam veteran prior to his induction into the service are not too different from the conditions of Hispanic youth today. As a comparison, Hispanic youth today have a 40-percent drop out rate in high schools, and a 38-percent unemployment rate. The conditions that prevailed during the Vietnam era for Hispanics have not changed drastically, so those who have returned from Vietnam, suffer the same conditions, a poor education, a lack of marketable jobs skills, and a lack of opportunity. Added to this are the specific barriers to receiving services which are culture, language, and accessibility barriers.

Given the above stated conditions of the Hispanic veteran, let me provide some recommendations.

(1) Outreach efforts must be conducted in areas where there are concentrations of Hispanic veterans. This out-reach modality in high risks areas would give the Veterans Administration added visibility that could inevitably attract eligible veterans to utilize its services.

(2) The barriers identified with language are obvious, and their solutions may lie in the rather distant future. The creation of printed material in vernacular language is an immediate and rather inexpensive improvement. The recruitment and training of bi-lingual, bi-cultural staff is more difficult. As hiring practices under Affirmative Action goals will tend to improve this situation. We would recommend, however, that annual Hispanic veterans conferences be conducted in which cultural and linguistic barriers are discussed followed by realistic policy and program implications to be implemented and closely monitored by agencies involved. Given the fact that the VA is presently staffed by many Hispanic and non-Hispanic professionals of high caliber who understand the Hispanic tradition and appreciate its culture, it is recommended that a national VA Hispanic Advisory Committee be created to help the VA Administrator in the development, planning, and implementation of in-service training and programs that would promote better utilization of VA services by Hispanics.

---

[3] Guzman (1970) "Mexican-American Casualties in Vietnam, Pedroza (1975).

In these efforts the use of mass media, i.e. bilingual TV, radio and newspapers, should not be overlooked, as well as provision of VA and (DOL material existing agencies in the community for information and referral purposes.

In regard to accessibility of services, the location of facilities is a continuing problem—not only for Hispanics but other groups which do not traditionally use institutional services. The location and concentrations of Hispanic veterans must be taken into consideration along with those of other high-risk groups.

Physical access may seem to be a small problem in comparison with the overwhelming needs of a veteran population. Yet just the same, this detail severely limits utilization of otherwise acceptable services.

The concerns of the American G.I. Forum are not only restricted to the lack of services being provided to hispanic veterans, but also planning and anticipating the system for a delivery network into our communities.

Our concerns for the veterans of the Vietnam era are compounded when we see the lack of services for Vietnam veterans, and yet America asked us to prepare for a reinstatement of a registration system that is the first procedure for a draft system.

We are very concerned about this, as the medium age of the Hispanic population in this nation is 20.1 compared to the non-Hispanic of 30.4. The Hispanic population in this country is very young, it is the youngest major group in this nation. Fifty-six percent of all Hispanic in this nation are under the age of 25 years. So as we attempt to formulate policies that will address the needs of the Vietnam veteran, let us not forget, that as America grows older, and becomes more a gerontological society, it will be upon the shoulders of the Hispanic community to defend this nation.

STATEMENT OF RUBEN TREVISO, AMERICAN GI FORUM

Mr. TREVISO. Thank you, Mr. Chairman.

I would like to thank you for allowing me to speak today. I would also like to thank you very much for the hearings that you conducted around the country.

When we spoke last in California, we shared with you some of our concerns, and the committee has responded to them very well, and all the things we said about barriers to service, I think you are hoping to address, especially in H.R. 5581.

Earlier, someone made reference to, how does one attempt to overcome the barriers? How come veterans are not receiving services that are being offered to them, especially in the area of employment?

Maybe I can try and facilitate an understanding of that, by painting a portrait of the Hispanic veteran who, because of his plight at present, is not receiving the services and has an exceedingly high unemployment rate.

First of all, during the Vietnam era, Hispanics were disproportionately drafted, went into the service, and had a disproportionate number of individuals receiving casualties during Vietnam. From the data I have, it was 2-to-1 and 3-to-1 casualty rates.

New Mexico, Texas, California, and the Southwest States, first, the Hispanics represent maybe 27 percent of the population, yet they were drafted in numbers of 69 to 70 percent. Casualty rates were 44 percent, related to a population that only represents 20 percent in the State. Now, this was for a variety of reasons, because of the inequities within the Armed Forces, the way people were assigned to various high casualty positions.

This was done because of the educational level, and also the poor experiences of many of these people. You can better understand what the Hispanic veteran is like today if you take a look at the youth of today. The youth today, the Hispanic youth, have a 40-percent dropout rate from high schools. They also have a 38-percent unemployment rate.

In a study conducted by Dr. Angelita Garcia-Cabrera, Brandeis University, she found that in her sample group, 34.5 percent of the Hispanic population was unemployed. This is very, very similar to what exists now with Hispanic youth.

So, during the era of the war, what took place with these many individuals who entered the service with minimal skills and education, they found that they ended up in some units where skills were not obtained. They returned back into civilian life and, like someone earlier said, less than 50 percent of those who returned eventually strove toward higher education.

So, what we have is the dilemma of someone who has not taken advantage of or somehow has run into barriers receiving educational benefits.

How do we address it? We address it by H.R. 5581 outreach services, but also in conjunction with the readjustment centers that are around the country. From reports that I have heard from my membership, the readjustment centers are working very, very well provided that certain things are taken into consideration. The problems with traditional programs are bureaucratic red tape, institutional services, traditional modes of service delivery, lack of community participation, transportation, and lack of knowledge of service eligibility. That is what your outreach program hopes to accomplish. Let me share with you some recommendations in terms of trying to reach our particular community, the Hispanic veterans.

The outreach efforts must be conducted in areas with a high concentration. Modalities must be used with this high risk group, bilingual modalities—that is, the language must be taken into consideration.

There are barriers not only with language, but also with how one views a particular agency or service. In California, we spoke about institutional concepts; how veterans see an institution as a hindrance to receiving services.

Centers and outreach efforts must be done in the high concentration areas. The staffing of these areas, of these agencies, should be representative of that particular community. The service modalities must take into consideration the specific culture, language and climate of that particular community.

Physical access to some of the outreach centers is a major problem. Many people are too poor to have transportation, especially in areas where there are large geographical areas to overcome. So, this must be done in conjunction with the transportation network in that community.

These are some of my concerns, but I am concerned with more than just the plight of the 1½ million Hispanic veterans now presently receiving services—this is according to the Brandeis study.

Our concern is also that in this period of crises in this Nation, when registration for the draft is being discussed, many youth in the communities are approaching us now and saying, "How do we handle this? How have the benefits and services been to Hispanic veterans? What has taken place over the years?"

They know what the casualty rate was. They know, much to my chagrin, that Hispanic veterans have not been serviced. And, yet, we consider the median age of Hispanics in this country as 20.8 compared to the non-Hispanic 30.4, that 56 percent of all Hispanics in this country are under the age of 25, and they come to us and ask us, "what took place during Vietnam?"

I have no words to offer them. I cannot suggest anything. I just say, "Talk to someone who is willing to explain to you specifically what took place."

I can say that some of us have been serviced, but a great many have not. Hopefully, some of the recommendations that are offered will be followed up.

I would like to share with you a few reports that are being done on Hispanic veterans. I have seen many veterans abused over the past decade, as many people have elaborated today. I want to insure that the youth of the Hispanic community, after serving honorably in the military, have somewhere to return and can be guaranteed and assured that services will be provided for them.

Thank you.

Chairman **Hefner**. Thank you, sir. We certainly appreciate you coming and being with us again. It is good to see you again.

We will keep the record open for any comments that other members might have. We share your concern about any future draft and, certainly, I feel that any future draft that might be contemplated or enacted into law would be written so that the draft would be across-the-board and everybody would be called upon to share in the defense of this country.

We will try to address these programs, as we discussed in California, to try to reach these people who are very difficult to reach to get into the programs. We certainly appreciate your concern, and I know that the people you speak for appreciate the sacrifice and the work that you do on their behalf.

Thank you for being here.

Mr. **Treviso**. I can only do it with your assistance and help, as it has been in the past, Mr. Chairman. Thank you.

Chairman **Hefner**. Thank you for coming.

Our last witness is Mr. George Woodbury, Veterans Resource Center, Minneapolis, Minn. You have someone with you. You can introduce your colleague. Your statement will appear at this point in the record.

[The statement follows:]

STATEMENT OF GEORGE R. WOODBURY, DIRECTOR, VETERANS RESOURCE CENTER, UNIVERSITY OF MINNESOTA

Mr. Chairman and members of the committee, as Director for the University of Minnesota's Veterans Resource Center, located in the Twin Cities and providing direct services to Upper Midwest veterans, I wish to thank each of you for the opportunity to discuss relevant veterans' issues with the Veterans' Affairs Subcommittee on Education, Training and Employment.

With your permission Mr. Chairman, it is my intention to utilize the time alloted by the subcommittee to amplify extemporaneously on the prepared information included on the following pages. I would therefore ask the subcommittee to accept that information for the record, and proceed with my remarks.

In 1972 the University of Minnesota launched a pilot program designed for Vietnam-era veterans. Its primary objective was to approach area veterans and explain their GI Bill benefits. Today that single program has evolved into the

Veterans Resource Center (VRC). Component units include the Discharge Review Service (DRS), Employment and Training Service (ETS), Veterans Incarcerated Programs (VIP), and Educational Services (ES) located on Minneapolis, St. Paul and four coordinate campuses. As VRC enters the 80's, it has matured into a nationally-recognized, Community-based Veterans' Organization (CBVO) used by and providing direct support services to Upper Midwest veterans.

VRC employs 27 full-time and five part-time staff members. Roughly 20 student assistants round out the work force. In addition to direct University support, funding sources are provided through the White House Veterans' Outreach and Community Services (VOCS) program (See attachment A); the Veterans Cost-of-Instruction program (VCIP) administered by the Department of Education; all CETA Titles administered for the Labor Department by the Employment and Training Administration; a Justice Department grant from the National Institute of Corrections; and various private foundation grants provided at the local and/or national level.

Through Educational Services (ES), VRC conducts a variety of programs and referral services on the Twin Cities and U of M Coordinate campuses (Crookston, Duluth, Morris and Waseca). Veterans making initial contact with the University are directed to peer counselors working from offices in Minneapolis and St. Paul. The counselors specialize in one-stop guidance and referral service. They work as advocates for, as well as advisors to the veteran. Their assistance includes, but is not limited to, the following: helping the veteran apply for initial GI Bill benefits and school admission; obtaining additional financial aid; housing referral for veterans with families; obtaining military service school records, etc.

Counselors can also recommend tutorial help, if needed, make referrals for chemical dependency or family problems, explain public assistance and food stamps, and help the veteran obtain on-campus or VA work-study employment to supplement GI Bill income.

In addition to ES, VRC operates a complement of community-based program units through facilities leased by the University and located in Minneapolis. The units include the Discharge Review Service (DRS) this unit also maintains an advocacy capability: Veterans Employment and Training Service (VETS) which attempts to secure full-time unsubsidized work for unskilled, minority and/or disadvantaged veterans; and Veterans Incarcerated Program (VIP).

DRS provides professional legal counsel to represent veterans with discharge-related and/or benefit access problems. Through DRS, individual veterans receive competent representation before military review boards and agency adjudicators (see attachment B).

DRS staff and lawyers began to see clients in 1974. Initially, the service processed approximately 500 cases. Since the typical caseload has to be processed by both the review board and the Veterans Administration (VA), DRS today maintains an effective caseload of just over 2,000.

The Veterans Incarcerated Program (VIP) provides free counseling and advocacy to veterans confined in Minnesota prisons and Twin Cities-area workhouses. VIP staff, through regular weekly calls, advise veterans of their benefits and coordinate referral with other VRC sections regarding legal assistance, job placement/development and educational opportunities.

In addition to being the principal agency in Minnesota in regular contact with veterans targeted under the Comprehensive Employment and Training Act (CETA), VRC has successfully conducted a job development, placement and referral service since 1975. Over 1,000 veterans hase been placed in full-time, unsubsidized or public service employment (PSE) by the Employment and Training Service (ETS) unit.

Presently VETS, under subcontractual agreements, provides outreach, identification, counseling and referral for veterans targeted for CETA "Special Consideration." VETS employs CETA-eligible veterans for counselors. They provide job placement/development and referral assistance to targeted veterans residing in the nine-county Twin Cities metro area. VETS directs a Student Veteran Internship Program (SVIP) in conjunction with Twin Cities metro area CETA Title VI Prime Sponsors. SVIP combines the veteran's eligibility under both CETA and the GI Bill. VETS develops a part-time job that is directly related to the veteran's full-time course of study under the GI Bill (GED, Vocational/Technical, two and four year college programs). Earned income under this program for a single veterans averages $650 per month, and increases depending on marital status and number of children. The program, the first of its type in the nation, has been incorporated into 1978 CETA guidelines, "Appropriate Steps," for Prime Sponsor work/training implementation for veterans. VETS has also provided metro area Prime Sponsors with outreach, referral and job development services under DOL's HIRE II program.

We have reached a point, with respect to our Vietnam era veterans, where we have within our grasp the capability and potential to resolve the principal remaining problems of unemployment and lack of career-oriented training these thousands of young men and women are facing.

My intent for outlining, briefly, the direct services and assistance provided by a "Veterans Helping Veterans" approach utilized by our VRC, and several like it in major cities, is to affirm the positive measures and linkages that are occurring at the field/operational level.

I would like to focus my remarks today toward those areas having the most potential for having significant impact on Vietnam veterans who have not accessed the system: Veterans Administration (VA) GI Bill-related programs; Labor Department efforts, especially CETA and the Veterans Employment Service network; and those agencies having impact on Vietnam veterans through the private sector/community level, i.e., Small Business Administration, Community Services Administration, Economic Development Administration and the Department of Housing and Urban Development (HUD).

As a multi-service center with a staff whose total professional experience exceeds 200 years, the common thread that sews our efforts together on behalf of Vietnam veteran clients is NOT the lack of existing programs that can help them, but rather the LACK of awareness about them on the part of the veteran coupled with agency efforts that shotgun rather than target to veterans' needs.

Let me explain through specific examples. A typical Vietnam veteran entering the VRC for some facet of help or service looks like this:

Late 20's to early 30's in age.

High School or less educational level.

Unemployed or underemployed.

Has rarely used veterans benefits or government-based program help.

Minority or low socio-economic/rural background if white.

Combat veteran or Vietnam era veteran with no substantial service-connected skills (attachment C).

As you can see the Twin Cities veteran which the following article describes fits the profile. He has an important advantage over many of our clients: he has overcome the obstacles created through his military experience and succeeded. Our veterans have not.

Generally speaking, the only readjustment and employment programs available to these veterans are ineffectual social welfare programs which leave Vietnam veterans years behind their peers in opportunities and careers. Studies have shown that these programs are viewed by veterans as welfare-oriented, well below their rightful employment capabilities and aspirations, and paying less than the veterans' need to support their wives and families. Add to that the fact that most federally-based programs are categorical in nature. When veterans enter our resource center- they, obviously, are a whole person. They don't enter with "CETA" or "VA" or "SBA" stamped on their forehead. And, yet, categorical programs, by their very nature, force veterans to fit or they are rejected.

However, most Vietnam era veterans we serve typically have multiple problems. Many are chemically dependent, exhibit signs of "delayed stress", have bad papers, have been or are incarcerated and have tremendous gaps in their educational or training and skills history. Yet despite these obstcles Community-based Veterans Organization (CBVOs) like the VRC regularly enroll these men and women in school starting their GI Bill entitlements, place them into CETA programs, represent them before military review boards regarding bad papers and see them regularly in penal institution (attachment D).

We believe that recent signs coming from the VA and the Labor Department are positive and healthy regarding Vietnam era veterans. VA's Vet Centers is an excellent case in point. As many of you are aware CBS News carried a major story on delayed stress this past Sunday morning (3/2). A Vet Center in Chicago was highlighted in that story.

Over at the Labor Department, Dr. Dennis Wyant, the Deputy Assistant Secretary of Labor for Veterans Employment, is moving to recommit unspent HIRE II money and, through his Veterans Task Force, bring his VES staff into a more active interaction with Community-based Veterans Organizations (CBVOs) and Prime Sponsors charged with conducting veterans' programs and participating under CETA.

Major veterans organizations, particularly the DAV, VFW and American Legion are rapidly discovering the need to encourage their membership to support programs and outreach efforts for Vietnam veterans that are storefront oriented and non-traditional, but effective (attachment Dd).

For example, the Minnesota DAV regularly schedules a combat-disabled Vietnam veteran service officer in our resource center. Obviously his rapport with disabled Vietnam veterans is outstanding, and his knowledge of service-connected paperwork is substantial.

We are working on similar location agreements with the VFW, American Legion and Small Business Administration (SBA) and through our White House-based Veterans Outreach and Community Services (VOCS) contract we regularly send traveling teams to centers working with American Indians, Black and Hispanic communities in the Minneapolis metropolitan area.

We are aware that the Congress is atttempting to determine the most effective manner to amend the GI Bill for Vietnam veterans. At the local level we believe that anything which will allow more emphasis and greater utilization capability in the areas and of On-the-Job training, vocational training/apprenticeship which couples with direct incentives to the private sector are the best advised, and in our programatical experience, the most successful.

It is our belief that across the board increases in the GI Bill will not attract Vietnam veterans who have not yet used their educational entitlements nor keep veterans in school from leaving. What will work, however, is providing, through the regulations, enough flexibility for veterans to utilize the Bill according to their individual needs while minimizng "rules and red tape."

The same general proviso applies regarding the enlistment of the private sector to take risks with unskilled or low-skilled Vietnam veterans, particularly those who are disabled or from racial minorities. Our experience with the HIRE II program is an appropriate case in point. In less than a year, subcontracting with one metro-based prime sponsor, we modified a HIRE II contract three times, spent nearly a quarter of a million dollars and the bulk of money went to direct OJT payments for 80 Vietnam era veterans working in 60 companies at an average hourly wage of nearly $6.00. HIRE II worked beautifully as far as the VRC is concerned. So can other titles of CETA, particularly where there are "Split-Job" approaches used so the Vietnam veteran can utilize both GI Bill and work under CETA-based pay in the public sector with the job directly related to the course of study (attachment E).

The saying goes in the private sector that "money talks." And that's a concept that the veterans we counsel, place and work with daily understand perfectly, no matter what their service, racial or educational background. We are able to show them the best way to make the system work for them; to deliver in the best economic interests toward their personal career objectives. They know that they will be responsible for getting the education, completing the training or doing he work. But then the pride gained from the personal achievement is something that for many, if not most, of these Vietnam veterans is the first time they've experienced pride in themselves since they put on their country's uniform to serve during a war they had no idea would become so unpopular.

We believe that the Congress is concerned about Vietnam veterans. We want to continue to work positively and vigorously with the federal government to ensure that America's youngest veterans, those who need help and support the most, will in fact receive it. It is already 1980, it is not too soon to complete the task.

Attachment A

THE WHITE HOUSE

WASHINGTON

OVERVIEW OF THE VETERANS FEDERAL COORDINATING COMMITTEE OUTREACH AND COMMUNITY SERVICES PROGRAM

I. Introduction

In an October 10, 1978 message to the Congress, the President presented the results of a government-wide review of the status of Vietnam era veterans and the programs designed to serve them. On the basis of this Presidential Review Memorandum (PRM), the President ordered improvements in four areas of veteran services including employment, education, other services, and benefits, and military status. In order to implement these improvements, a Veterans Federal Coordinating Committee (VFCC) was established, composed of representatives from eight federal agencies, and operating under the direction of the Executive Office of the President.

Since its formation, one of the issues of greatest concern to the Committee has been the need to improve substantially both the outreach capability and the coordination of veteran services between federal and federally funded agencies, particularly at the local level. The Committee, therefore, has decided to develop and implement pilot outreach and community services programs in a dozen major urban areas throughout the country. These projects will test the effectiveness of a variety of approaches to sharpening the community focus of existing federal, state, and local services in order to better assist Vietnam era veterans with multiple readjustment problems.

II. Problem Statement

The PRM found that although most Vietnam era veterans have made a satisfactory readjustment to civilian life, a substantial number of such veterans are still experiencing readjustment problems ranging from lack of education, structural underemployment and unemployment to psychological and substance abuse problems. These veterans are concentrated, in large part, in major urban areas, may be disabled, are likely to be minorities, and on the average are approaching 30 years of age. Because of the multiple readjustment problems facing these veterans, their service needs cannot normally be met by a single agency, but require a closely

250

coordinated effort. This is particularly true of the structurally unemployed or underemployed Vietnam era veteran who has failed to find suitable primary labor market employment. In many respects, suitable employment is the ultimate readjustment goal whose realization will depend upon the effective delivery of an additional service or services, indicating psychological or vocational counseling, drug or alcohol abuse treatment, vocational training, and legal or medical assistance. Closely coordinated efforts among agencies responsible for delivering services to Vietnam era veterans is, therefore, essential.

The veterans services delivery system, however, is a patchwork quilt of programs and benefits spread over a dozen federal, state, and local agencies. As such, service delivery in most areas had failed to meet the needs of the veteran as a whole person, viewing him or her as only a type of "program eligible." Efforts to coordinate services between (and very often within) agencies have been sporadic and program specific, tending to become atrophied as initial program emphasis and interest declines.

Although the evolution of veterans programs spans a period of well over fifty years, the diversification of veteran services is a relatively recent phenomenon which has coincided with, and is the result of, the growth of social welfare, training, and employment programs since the late fifties. For many years, the Veterans Administration was virtually the sole purveyor of veterans services, except for a small employment program consigned to the Department of Labor. To date, the general public still perceives the VA as the only provider of services to veterans.

The growth of social programs, particularly those administered by the Departments of Labor and Health, Education, and Welfare considerably broadened the range of services available to veterans. While veterans were sometimes initially targeted under these programs for emphasis, more often these programs added Vietnam era veterans as a target group only after their readjustment problems became a matter of public concern in the late sixties and early seventies. Most importantly, these new social programs increasingly tended toward community operation and control as they evolved, thus, creating complex community social services networks and spawning numerous community service delivery agencies designed to serve specific client groups. Partly because Vietnam era veterans as a target group were a late entry into these programs, partly because their problems were perceived to be highly temporary, and partly because the VA was perceived as the sole deliverer of services, a community coordinated network of veteran services failed to coalesce.

Over the past five or six years, however, community based veterans programs have developed in many areas, a large proportion of them funded under the Comprehensive Employment and Training Act. While many of these programs have been able to build effective networks for services to their veteran clientele, agency support and cooperation has not been uniform.

In addition, many large cities still have not evolved either community based service organizations for veterans or the services network necessary to address the needs of disabled and Vietnam era veterans experiencing multiple readjustment problems.

Previous federal efforts to build community services networks for veterans have not enjoyed a great deal of success. The Jobs for Veterans committees established in many cities under the Mayor's office during the early seventies faded rapidly after the initial drive for their formation. The attempt to provide one stop interagency services under the umbrella of the VA's U.S. Veterans Assistance Centers suffered a similar fate because of the lack of commitment of many federal agencies to the program and inherent design problems resulting from that lack of commitment. The same commitment problem continues to impede local efforts today.

III. Project Goals

The goal of the VFCC Outreach and Community Services Projects is to create, in selected target cities, an effective network of coordinated community services which will provide individualized assistance for Vietnam era veterans particularly disabled and minorities who may be experiencing multiple readjustment problems. The projects will explore, develop, and implement means to make better use of existing resources in serving veterans, and will ultimately provide technical assistance to other communities in developing similar programs with local funds.

IV. Approach

A. Community Focus. While most of the communities identified for pilot projects have some problems in common (particularly with regard to those Vietnam era veterans needing service) there are also considerable differences between them, especially in the operation of local social services systems. Since many major programs (including CETA, the Employment Service and the wide variety of HEW funded programs) operate semiautonomously, each community's service structure is to a large degree unique. To be effective, therefore, project designs must be fitted to the community to be served and must also be developed by persons with a complete understanding of local conditions. For this reason, project development will be the joint responsibility of the VFCC and the local community. Technical assistance for project development will be provided by a VFCC contractor, but community needs assessments and the projects themselves will be in large part community designed. Since the projects are designed to bring veterans community services into focus, communities and local agencies will be asked to invest resources into the program such as staff, office space, materials, and supplies. The VFCC will provide modest supplemental funding for program needs that community resources are unable to supply. In this way, the projects will include major local agency involvement in the program, thus, providing a more accurate test of the ability of existing resources to address the problems of the VEV client community.

B. CETA Suitablity of Projects. The long range purpose of the projects is to develop techniques for coordinating veteran services in all communities nationwide. It is not, however, the VFCC's intention to create new catagorical veterans programs. The projects must be designed so that the VFCC funding initially provided at the test sites may be assumed by the cities at the conclusion of the program's test phase. Perhaps the most suitable resource for such local funding is the Comprehensivive Employment and Training Act (CETA). Not only do local communities functioning as CETA prime sponsors, have wide latitude in the development of employment and employability development programs, new CETA regulations issued on April 3, 1979 to implement the 1978 CETA Reauthorization specifically call for the development of local programs designed to meet the unique readjustment needs of disabled and Vietnam era veterans. The regulations also place major emphasis upon cooperative efforts between agencies. Thus, the VFCC projects should be designed to assist prime sponsors in meeting these new requirements. Communities will therefore be strongly urged to encourage the active involvement of their CETA programs in both the design and operational phases of the program.

C. Service Centers. Although it is not the purpose of these projects to impose a rigid national template for program design on the participating communities, it is anticipated that most projects will develop around a unified service center concept. Service centers have been developed in a number of localities and have proven particularly useful as outreach centers, attracting veterans who are reluctant to seek services through a more tradiational institutional framework. Service centers also provide a nexus for interagency services. The Disabled American Veterans, through their "Forgotten Warrior" projects in six cities are making successful use of the service center concept. A service center in Denver operates wholly without supplemental funding, all staff services and office space donated by participating agencies.

D. Testing of Project Designs. Since most communities have neither service centers or similiar programs, initial project emphasis will be placed upon developing the basic services network and coordination procedures. Some projects, however, are expected to develop quickly and will thus be ready to develop and test some demonstration designs involving coordination of specific program efforts. Areas such as the Targeted Jobs Tax Credit Program, the placement of VA Vocational Rehabilitation Trainees, and the relationship of VA OJT to local CETA programs are in need of specific local tests designed to develop more efficient coordination procedures.

E. Technical Assistance. The underlying goal of each of these projects is to develop, test and replicate methods for coordinating services to Vietnam era veterans so that existing resources are capable of assisting the Vietnam era veteran with multiple readjustment problems. Technical assistance is, therefore, important both in starting up the VFCC projects and in operating similar efforts in other communities using local funding once the VFCC projects have demonstrated their success. The technical assistance effort should, therefore, occur in two phases:

1. Project Development. Although several project cities will need no assistance in establishing VFCC projects, most localities will need assistance with needs assessment, project development, proposal writing and program operation. To provide assistance quickly to such cities, the VFCC will use the technical assistance capability recently developed by the Department of Labor under the Veterans Outreach and Public Information Program (now section 305 of CETA). Once the target cities have selected their project planners, a workshop will be held to train the planners in the skills necessary to formulate and operate projects specifically tailored to the needs of the community. Planners will be provided with a manual and other materials for guidance in setting up programs.

2. Project Replication. The purpose of the VFCC projects goes well beyond the development of specific veterans community services programs in a limited number of cities over the short term. The programs are designed to be demonstration projects rather than categorical programs. Thus, the national project design must include a method for replicating the projects in other communities, given the contraints of limited funding.

As noted previously, the 1978 CETA reauthorization requires prime sponsors to develop programs specifically tailored to meet the needs of disabled and Vietnam era veterans. The VFCC projects may thus serve ideally as program models which can be used by other communities in developing local veterans CETA programs. The development of such programs effectively, however, will normally require some degree of technical assistance. During FY 80, the VFCC should therefore fund a technical assistance component in each of its pilot projects.

This component would be responsible for: (a) analyzing and synthesizing the experience of the program and constructing a program model in written form; (b) become familiar with the programs in the other target cities; and (c) provide assistance to other communities in its geographic area (which may, in most cases, include several states) through a series of workshops and consultations with prime sponsors, community based veterans organizations or other interested agencies.

V. Project Development

A. Mayor's Office. Because the support of the community is essential to the success of the projects, the Mayor's office will play a vital role in establishing the projects and providing community leadership. The Mayor should designate a liaison who will coordinate the activities of Mayor's office with the WHVFCC. The Mayor's office will also participate in project planning and operation including the designation of project planners and the establishment of local Veteran Services Coordinating Committees.

B. Veteran Services Coordinating Committee. Because the project will involve many federal, state, and local agencies, a Veterans Services Coordinating Committee should be formed in cooperation with the Mayor's office. Membership on the Committee should include (but is not limited to) representatives from the VA, Department of Labor, Department of Health, Education, and Welfare, the State Empoyment Security Agency, CETA prime sponsor, Small Business Administration, Office of Personnel Management, the Department of Commerce and other local community agencies and program operators. The Committee should serve as the primary vehicle through which agency resources are focused and directed toward the operation of the project. The Veterans Service Coordinating Committee should be established as quickly as possible following confirmation of the city's selection by the Mayor.

A veterans organization advisory mechanism is essential to the smooth development and operation of the projects since the Veterans Services Coordinating Committee is principally designed to coordinate program services. The WHVFCC recommends a separate advisory committee be established to recommend program policy.

C. Areas of Program Emphasis. Prior to developing each target city project, a needs assessment should be conducted to determine (1) the readjustment needs of the local Vietnam era veteran client community, including identification of subgroups and geographical areas with aggravated problems; (2) the impact of the current services network upon those needs; and (3) the capability and flexibility of those resources to meet any identified unfilled needs. While other needs and resources may vary from community to community, the following program areas might be examined:

1. Outreach - particularly to Vietnam era veterans whom traditional outreach efforts have failed to reach.
2. Employment - including structural unemployment and underemployment among Vietnam era veterans.
3. Special Problems of Minority Veterans.
4. Disabled Veterans - including better networking of local, state, and federal services.
5. Women Veterans Programs.
6. Education and Vocational Training.
7. Mental Health Services.
8. Drug and Alcohol Dependence Treatment.
9. Incarcerated Veterans.
10. Discharge Upgrade.

Most of the program areas mentioned above are, in one respect or another, interrelated and all of the areas impact upon the Vietnam era veteran's ability to find meaningful, career-oriented employment. Such employment therefore becomes, in a sense, "the bottom line" toward which all ancillary services work to assist the veteran to find and keep a good job.

D. Role of the Community Based Veterans Organization. Community based veterans organizations (CBVOs) such as veterans self help groups are active in many cities and often perform a vital service, particularly for veterans whom traditional institutions have failed to reach. CBVOs have also been important in attempting to link community services to provide comprehensive assistance to Vietnam era veterans. In target cities where such organizations are already in place, these groups may serve as a catalyst for project activity, bringing to the projects broad experience in many of the project emphasis areas. For this reason, the WHVFCC encourages the involvement of successful CBVOs with the projects.

E. Project Planners. The Mayor, in cooperation with the local Veteran Services Coordinating Comittee, should select two project planners to begin development of the project. Working closely with the members of the VSCC, the planners would assess community needs and resources and develop a project proposal to meet those needs. Although the project planners should have experience in local community programs or veteran services, the WHVFCC will provide both veteran services and project development training for the project planners.

F. Funding. Since the projects were intended to demonstrate how existing resources may be made effectively employed to serve Vietnam era veterans, the WHVFCC will provide modest supplemental funding for goods or services not available in the community. As such, there is no established funding for each of the projects. Local communities are encouraged to coordinate as many of their resources as possible to support the project, including federal agency staff, VA workstudy students, State Employment Security agency personnel, as well as funding or staff from the local CETA program, and in kind support such as office space and equipment. Following the identification and commitment of these resources by the local community, the WHVFCC will negotiate the amount of supplemental funds required for project operation. Since it is not the intent of the WHVFCC to supplant local funding with national funding, cities are encouraged to maintain current veterans programs, particularly those funded under CETA, during the next fiscal year.

DKRHOADES
6/19/79

Attachment B

DEPARTMENT OF THE ARMY
MILITARY REVIEW BOARDS AGENCY
FORT BENJAMIN HARRISON, INDIANA 46216

REPLY TO ATTENTION OF: Army Discharge Review Board

SFMR-D

8 March 1977

TO: Whom It May Concern

SUBJECT: Veteran's Assistance and Outreach, University of Minnesota

I am pleased to singularly identify one particular organization that is held in the highest esteem by this agency.

Of the seventeen different counselling agencies that have assisted applicants in their discharge appeals before this activity, in the past 16 months, Veterans Assistance and Outreach has far surpassed their counterparts.

Mr. Gene T. Kelly and Miss Linda A. Bick have developed and implemented methods of assistance that clearly mark them as professionals in their field. On no occasion has their organization appeared before this panel without a complete and factual presentation that indicated maximum previous research and interview.

The efforts of Veteran's Assistance and Outreach have assisted hundreds of veterans in all types of appeals for Federal Benefits. Their expertise in working with all the Armed Forces has certainly been an asset to veterans seeking counsel and guidance. Activities such as theirs have proven their worth in our society and Outreach should be the model for the many less-proficient counselling services.

The association with such a positive, straight-forward group of individuals has been a definite pleasure and I look forward to future associations.

E. G. WEBER
COL, AGC
Presiding Officer

DEPARTMENT OF THE ARMY
MILITARY REVIEW BOARDS AGENCY
WASHINGTON, D.C. 20310

REPLY TO
ATTENTION OF:

Army Discharge Review Board

SFRB

25 October 1978

OCT 30 1978

Ms. Linda Bick, Director
Discharge Review Service
Veterans Programs
2020 Minnehaha Avenue
Minneapolis, MN 55404

Dear Ms. Bick:

The Presiding Officer of the Panel of the Army Discharge Review Board, that held hearings in Minneapolis from 2 thru 12 October, has advised me of your cooperation and support. Please accept my appreciation for your courtesies. They are characteristic of your past involvement with my Board and your interest in providing the most favorable hearing environment for the applicants that you and your staff represent.

Acknowledgement is due Messrs. Gerald C. Bander, Jr.; Gene Kalley; and Richard P. Tuohy who assisted you in counseling. Particularly noteworthy were the counsels completeness and candor and their interest in each applicant as a person.

We look forward to future hearings in Minneapolis, and again thank you for your assistance and cooperation.

Sincerely,

WILLIAM E. WEBER
Colonel, IN
President

DEPARTMENT OF THE ARMY
MILITARY REVIEW BOARDS AGENCY
WASHINGTON, D.C. 20310

REPLY TO
ATTENTION OF Army Discharge Review Board

SFRB 21 March 1979

Mr. George Woodbury
Veterans Assistance and Outreach
2020 Minnehaha Avenue
Minneapolis, Minnesota 55404

Dear Mr. Woodbury:

The Hearing Examination Team recently in Minneapolis has informed me of the excellent performance of your staff in support of discharge review. It is a continuing source of pride to me to know that the rapport, which is so necessary to Discharge Review Operations, continues to exist.

I would particularly like to mention the professional and personal cooperation rendered the Hearing Examiner team by Linda, Gerry, Richard, Aaron, Laurie, Nan, and Mary. Their assistance made our task easier and also most pleasant.

Thanks again for your generosity and please convey my personal thanks to your exceptionally efficient crew.

Sincerely,

WILLIAM E. WEBER
Colonel, IN
President

VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420

APRIL 23 1979

Ms. Linda Bick
Director, Discharge Review Service
University of Minnesota
2020 Minnehaha Avenue
Minneapolis, Minnesota 55404

Dear Ms. Bick:

This is in reference to your letter of April 6, 1979, which was delivered to me during my recent visit to Minnesota. You suggested that the Veterans Administration undertake to change our regulations which characterize alcoholism as willful misconduct.

We have been engaged for some time in a reevaluation of our position on alcohol abuse and I expect to receive the results of our study this summer. Regulatory changes are among the anticipated recommendations. Under the policy set forth in 38 C.F.R. § 1.12, any modification of our current regulations would be made available for public comment prior to implementation.

I appreciate your efforts to assist veterans. Please be assured of my personal concern for the problems of veterans, especially in the area of alcoholism.

Sincerely,

MAX CLELAND
Administrator

[From the Minneapolis Star, Monday, Mar. 3, 1980]

War Torn

VIETNAM BATTLES STILL RAGING FOR EX-MARINE . . . IN HIS MIND

(By Joe Logan)

In 1961, when the United States first sent military advisers to Vietnam, it did so with the intention of halting the spread of communism around the globe. But in 1975, after years of intense jungle warfare, the United States pulled out as the Saigon government collapsed.

We left without victory, certainly, and without dignity in the eyes of many. We also left without the 56,555 U.S. soldiers who died in Vietnam.

For many combat soldiers who survived Vietnam, readjusting to civilian life has been difficult. These articles are about one Marine, Bill Lee, who endured some of the worst fighting in Vietnam.

He was just 19, but Bill Lee's youth was already a memory, left cruising the teen-age nightspots somewhere in Minneapolis' north side.

It was 1967, and he found himself a hardened Marine "grunt" lying belly-down in the muck of a Vietnam jungle.

The heat and humidity were suffocating and the stench of torn flesh and death clung to the air. Trapped in the middle of a fire fight, he was again facing the brutal insanity of war.

"Somehow this guy had stepped on something that had blown off his boot—intact—with his foot still in it. His foot was *gone*," Lee recalls, shaking his head, drawing slowly on a cigarette.

"So they loaded him up with morphine, which put him in a good mood, and got him on an EVAC helicopter.

"He was singing about getting out of there: 'Got my foot'—he had his foot in his hand—'and I'm going home.' He didn't have his foot but he had his ass. The guy was really happy. He knew where he was and he knew exactly what his price out was. He was going home. . . ."

Bill Lee looks up and cocks his eyebrow and shrugs. He takes a deep breath and slowly exhales another stream of smoke.

"Vietnam," he says softly.

Vietnam. It might be over for you and me, but chances are neither of us fought it. For those thousands of men who did, the war is far from over. It rages daily in their minds and haunts them in their dreams.

"I know, personally, for a long, long time if I were alone in my car, I would relive some experience from Vietnam, right down to the most minute detail," Lee says. "A situation in the bush, moving, imagining 115- or 120-degree temperatures.

"If I saw old film footage of helicopters coming in and the grass blowing from the helicopters and the troops moving and somebody hollering, I would get entranced. . . . I could smell that smell . . . the powder, the jungle, the smoke, the death. I could smell the war."

Doctors say the mental and emotional residue of the Vietnam War has been very damaging to the men who fought it. They are over-represented in prisons and mental institutions and suffer from alcoholism and drugs—all the death trips. Whether Vietnam is largely to blame is impossible to say. But one thing is certain: for most combat veterans, Vietnam won't go away.

Instead, the battlefield has merely shifted from the jungles of Southeast Asia to the homes and workplaces of America. And the enemy is no longer the Viet Cong but the memories and emotions branded forever in the veterans' minds.

For Bill Lee, it's been 12 years since Vietnam. No longer is he the occasional point man out front, the explosives expert tiptoeing through the jungle ahead of a column of soldiers, combing the path for mines.

Now, he's a husband, a father of four and a real estate agent. He still has problems: when he hears a sudden loud noise, he jumps and turns to fight. But, settled in Anoka, he's also getting closer to an elusive goal: happiness.

It's been a long road—mental torment, alcoholism, a nearly busted marriage, a business that did bust and long bouts with depression that almost brought him to kill himself.

LIVES WITH MEMORIES

"Vietnam was such extreme fear, such extreme levels of intensity for a human being that that stuff doesn't just go away if it's not dealt with. It's very much a part of you, very much a part of your dreams. It just doesn't go away."

Lee finally is learning to live with the memories. He has agonized over the death, over the helpless old Vietnamese woman he mistakenly shot and killed one night when she was scavenging around the camp, over his friends who were slaughtered and over the cheapness of human life in war. And he will continue to agonize.

But he has now gotten on with his life. His four kids are young and healthy and his rocky marriage is growing stronger every day. The real estate business is good, not great, but good, and he professes to be happier than he's ever been.

Despite a spotty academic career that barely saw him earn a high school diploma, Lee is quick-witted and knowledgeable about current events. He's well-read, he says, because he'll never be the "dupe" again in anything like Vietnam, a subject that has become his passion. He has seen the movies, read the books. He speaks with authority about Vietnam, and, as these articles will indicate, what it has done to his life.

At 31, Lee is something of a Vietnam success story, at least among those combat veterans doctors call the "psychologically wounded," war veterans whose scars are only now beginning to heal.

TYPICAL "GRUNT"

When he returned from Vietnam, Lee never told his stories, except maybe in drunken commiseration with fellow survivors of the war. They alone seemed interested in the incongruities and absurdities of a war that turned his life upside down.

Most people didn't want to hear about Vietnam—not his family, not his friends, not the country that sent him there. It is unpleasant, it is over. Let it lie.

Nearly a decade later, and given the current state of world politics, the possibility of the draft, and even the whispers of another conflict, maybe it's time to listen. Maybe we should know what happened to the last group of combatants before we send off another.

With that in mind, The Minneapolis Star asked Lee, described by VA psychiatrists as a typical Vietnam "grunt"—those who fought in the jungles—to reflect on the war. How was he effected, the good, the bad? His story will be told over the next four days.

"I turned 19 in July and went to South Vietnam in September," says Lee, a gregarious man.

"I was a squad leader, a position of authority, 19 years old, determining who would or would not go to the field. Some of them would die. It was nuts. I sent a friend up ahead and he died. I was his squad leader. I have no idea what the effect is on me now.

"The way it affected me then is that I felt real bad about it and I felt responsible for it and I also felt grateful it was him and not me. . . . I would like to develop an ability to cry about this but I haven't."

LOW GRADES

Lee, the second of three sons and a daughter, was born into a household run by his mother, Millie, a Honeywell assembly worker and housewife, and his dad, Willie, a delivery truck driver, who describe their son as a "typical kid, a good kid" who caroused through the neighborhood around N. Thomas Avenue and hung out at Cleveland Park.

A small kid (he's now 5-foot-7), Lee was subject to the standard jokes, so by the time he made his way through Cleveland and William Penn Elementary Schools, he had already come to rely on a quick mind and sharp tongue to handle many situations. He was smart, everyone agreed, but you'd never have known it by his grades.

At Jordan High School, he emerged as what they call a "high potential-low achiever."

"I made no effort to excel in school. I just wasn't motivated. What I did pick up just sort of came naturally. When I got to the 9th grade, I just sort of quit. I got real negative, I don't know why. I had a clique of friends who were just like me, people who weren't really the athletes or gangsters, just kind of there, people who wouldn't take up much space at a party.

"When I was in the 9th grade, they determined that I never would make much of myself. Nobody tried to motivate anybody back then; they were into stereotyping then: This is college material, this is not. So they encouraged me to go to vocational high school, and a trade that happened to be available was machine shop. I hated it. I couldn't get into making stuff, so I goofed off. In the 10th grade, I was expelled."

From there, Lee was sent to North High School, where he took another lap around the track of scholastic failure. "I got suspended about half a dozen times and eventually got expelled, not for a bad single incident but just a whole bunch of little ones."

After completing remedial work, then negotiating another shot at North High, Lee was expelled again.

There were other concerns.

"At that point I was going with a girl who is now my wife. She's real solid and middle class, had all kinds of values and morality and she's attractive and bright, articulate.

"And I really didn't know why she even had any time for me. I think her motivations were to save me, or maybe she saw some potential and wanted to develop it. But she couldn't handle me not going to school."

So Lee would park his car in front of North High so that his girlfriend, Sue, would see it each morning when she rode the bus past the school on the way to her school, Regina High. "Then I'd split," he recalls. "I'd goof off, hang out, do this, do that, do nothing."

But there eventually came a change.

"By now I'm starting to get really concerned about the future and I didn't have any reason not to go into the military. I mean, I've got absolutely nothing going for me. I had common sense and I could relate to people, and I wasn't totally uneducated and stupid . . . . But I have no recollection of the Vietnam crisis prior to my military service."

Anyway, for lack of any better ideas, Lee and a friend headed down to their local recruiter. The Navy recruiter didn't want to talk to them because they hadn't finished high school, and the friend suggested the Marines.

"I said 'forget it.' I mean, I saw the movie, 'The Drill Instructor.'

"He said, 'No, let's do it, they've got the coolest uniforms and I don't think it can be that bad.' "

"We saw this guy and, yeah, he didn't see any problem. He thought he could get us in, and there was no reason not to do it. You know, the Marine Corps builds men and I really needed that. I thought even if you have to serve in a foreign country or get involved in something, I'm sure it will be OK.

"And if you die in the process, hey, so what? I was spinning my wheels on the street. It was an extreme move in my life, but it had direction."

Bill Lee lights another cigarette, reflects for a moment, then breaks into a mild chuckle. He leans back in his chair and sips from his ever-present cup of coffee.

"The whole idea of going into the Marine Corps was real scary for me. I had enough sense to realize that I hadn't been an outstanding citizen or hadn't done anything impressive. But I thought here was an opportunity for me to grow up and get off my ass and do something responsible.

"I thought my parents would be impressed, and they were. Sue's father was in the Marines and I knew she would be impressed, and she was. Her father was maybe even a little impressed."

But after Lee was sworn in, he learned his buddy had been rejected for some petty criminal offenses. "But that was that, I was on my own. I was in the crotch."

[From the Minneapolis Star, Tuesday, Mar. 4, 1980]

A KID IN BATTLE

AS RESTLESS YOUTH, HE WAS LOOKING FOR DIRECTION—AND FOUND A WAR

(By Joe Logan)

(Second in a series)

In 1961, when the United States first sent military advisers to Vietnam, it did so with the intention of halting the spread of communism around the globe. But in 1975, after years of intense jungle warfare, the United States pulled out as the Saigon government collapsed.

We left without victory, certainly, and without dignity in the eyes of many. We also left without 56,555 U.S. soldiers who died in Vietnam.

For many combat soldiers who survived Vietnam, readjusting to civilian life has been difficult. These articles are about one former Marine, Bill Lee, who endured some of the worst fighting in Vietnam.

"We were doing bridge security once at the foothills of the mountains and we were taking mortar rounds. Guys getting hit all over the place.

"Me and this guy, Simpson, were hugging each other, and in one barrage I I counted 12 'thunks,' the sound mortars make firing. One hit there, one hit here and the next one was coming in a dead straight line for us. I was a new convert to Catholicism and I was doing an Act of Contrition because I knew I was going to die. It was just a matter of seconds. I was praying very much out loud and very much unashamed.

"The ninth or 10th one hit over there and the 11th one and—oh, my God—it was coming . . . . The last one came in and landed about four feet away. We were lying in mud and I took some shrapnel in my pack. I knew I was dead and Simpson did, too, and we were just lying there getting right with Jesus."—Bill Lee.

Death—senseless, vicious, slaughterhouse-style death—is an ever-present possibility in war.

Of course, there is more. For those who survive, each day brings more tension, more fear, more anguish and regret—ugly emotions that surface often, not only because of what has been done to the soldier but also because of what the soldier has done to others.

"That whole myth about American apple pie, what a bunch of bullshit," said Bill Lee, running his fingers around the top of his coffee cup.

"If you can imagine the worst story you could comprehend about the Korean War and water torture, I'm sure that that's mild compared to a lot of American behavior in Vietnam."

But when Lee joined the Marines in 1967, killing, being killed or, for that matter, water torture were the last things on his mind.

Directionless when he joined, the young north Minneapolis man was looking for something to give his life purpose, and to give his girlfriend—as well as himself—a reason to admire Bill Lee. And he was looking for the passage from youth to manhood.

Strangely, Lee knew nothing of the war that was escalating in Vietnam until he hit boot camp in San Diego. And even later, at demolition school at Camp Lejeune, N.C., where he learned even more sophisticated destruction, his unit was practically promised it wouldn't see action in Vietnam.

With that assurance, Lee and his girlfriend, Sue, wrangled a 10-day leave and got married. When the young couple returned from their honeymoon, an officer handed Lee orders for Vietnam. The couple was stunned.

Sue came home to Minneapolis to finish nursing school; the Marines already had her husband's itinerary planned. That was September 1967.

"We stopped for 15 minutes in Anchorage, Alaska, 15 minutes in Hawaii, 15 minutes in Wake Island and 13 months in South Vietnam."

They landed in Da Nang, and Lee became a part of the 1st Battalion, 5th Marines, Infantry Regiment. Their unit worked the northern I Corps region near the coast of the South China Sea, from Quang Tri down as far as Da Nang, scene of some of the most intense fighting of the war. And this was the peak of the war.

"I had reservations about the whole thing then and I knew I would get no recognition for this. But I wasn't bitter. I was just naive," Lee shrugs.

"I was a combat engineer. I did the same thing the infantry did except I had a satchel of plastic explosives (but you would have to blow up before the satchel would blow.) I did a lot of blowing up of people's homes and bunkers, mines and booby traps . . . that was my job."

Almost immediately, Lee realized Vietnam was different from World War II, the war his father fought.

"I had up to this point 100 percent confidence in our government. I bought the system; I didn't have any reason not to.

"I don't know when I first stopped believing; maybe when I first got off the plane in Da Nang and it sunk and the people weren't very cordial and it was nuts. I remember thinking that this doesn't make a whole lot of sense to me right now, but it probably will."

"IT WAS NUTS"

It never did. Indeed, it is the incongruities of the United States' war effort in Vietnam—the gulf between stated intentions and the realities of the war—that still baffles Lee and thousands of other veterans.

"It was nuts, just nuts. You would move in the bush toward a city, make contact, have it out and get the body count. But that was pointless, because you had no need for territory. So you would pull back and allow the enemy to go back in there. Then we would go back in. The body count was the product."

And "the product" was what sold the war back home—killing the Communists. We'd all studied the domino theory and seen the maps that showed the communist tide closing in on capitalism along every front.

So Americans sort of collectively butted out and let the politicians and the career military types fight this one. Besides, if your kid was in college, he wouldn't have to go anyway. So for years Americans paid little attention to Vietnam.

Which meant they didn't see what was going on there.

"As far as there being many civilian victims, it was unbelievable. I remember bombing villages that were suspected VC sympathizers before we assaulted them. . . . You'd soften it up, take the starch out. We had air strikes going in there dropping these blockbuster bombs that blow downward to bring up people in underground bunkers."

THE UNDERDOGS

"Once there must have been 30 dead kids lying in piles from these blockbusters . . . just horrible sights of little tiny kids. If it had been a realistic situation in a realistic setting, everybody would have been grieving and crying about the dead kids. Nobody was.

"Does that make sense? You just adjusted to it. You had to. You get into stuff that is acceptable to you at 19 but not acceptable to you at 25. . . . You grow to not be OK with your own actions. . . . I don't care what your political viewpoints are—communism, apathy, bullshit.

"I saw civilians as underdogs. Did they welcome us? We were just like the plague. They were the true victims of the war, because just three or four hours before we got there, probably a whole band of North Vietnamese regulars came through. And they were about as welcome as the plague, too. In either case, the soldiers were going to bring trouble.

"You'd go into a hamlet and there would always just be women, babies and grandpas, because everybody in the middle that was male was involved somehow in the war. They were defenseless out there just trying to grow their rice, and they couldn't have given a damn whether their government was a democracy, socialist or communist.

"They just grew their rice. No electricity, no plumbing, just eking out a real crude, Third World existence. Period. That's all, that's all it was. They didn't give a damn ; they didn't know politics.

"I don't believe 80 percent of the people in my organization knew what communism was, and I don't believe those little Viet Cong in the black pajamas knew either. War was just what you were doing.

"The decisions were made uphill and you'd get them downhill to carry out. I think the Communists, more than us, believed in what they were doing. It was pretty obvious to me by their spirit.

"I had a lot of respect for Charlie, the Communists, because he was very bright and he was a damn good fighter, soldier and patriot.

"The United States had an aircraft called '*Puff*' that had six or seven miniguns that would spit fire, rifle bullets. They could put a round in every square inch on a football field in seconds. It just howls and there's this red fire coming down.

"Anyway, there was a Puff working our area one day that was laying down fire along a tree line. Puff hit an area and an instant later *one single little orange carbine round* went back up at him. Bonk. Charlie is shooting a tracer at Puff. That is guts. This, this technology, this masterpiece up there kicking ass and he stops for an instant and this one round comes back up at him. . . ."

HE WAS VULNERABLE

With death—brutal, senseless death—so much a part of everyday life, the Marines learned to cope with fear.

266

"No fear that I've experienced in this country can compare with that kind of fear . . . especially when fear had time to build.

"I remember once we were operating at Phu-loc to keep this road open. We'd get these rounds in there, hundreds of mortars and rocket rounds every day. We'd sit around underground and talk about who's next, which one of us will die next, and does it matter and who cares any more."

Worse, possibly, than being the target of a mortar was the thought of being captured. Lee shudders at the thought.

"In my job, I was real vulnerable because I'd get stuck out in the jungle by myself a lot. I would have to detonate a bomb and I'd get one or two guys for security. Then they'd leave and I'd be out there by myself.

"I knew the stories about torturing and killing prisoners and I didn't want any part of that. So I just decided if it looked like I was going to be captured. . . ."

Lee raises his hand and sticks out his forefinger like a gun barrel. Then he cocks his thumb, holds the finger against the side of his head and says softly, "It was this simple. Boom."

Despite the need to rely on others for safety and emotional comfort, Lee made few friends in Vietnam. Most of them he never got to know well. Others he deliberately lost track of because they were reminders of a year best forgotten.

Or, as he says, stroking his forehead, he made friends once and found it wasn't worth the pain.

"I was walking point in the jungle one day with a mine detector. You know, the thing with the headsets. It was about 120 degrees and I began to hallucinate.

"The fear level was at about a nine and I began to imagine my head in somebody else's rifle sights, and it was tense and the birds weren't chirping and it stunk of ick. You could get a sense about you when you knew something was going to happen.

"The skipper said, 'Take five,' and I took off my headset and gave it to my friend from Ohio. . . . Then he said, 'Except for the 1st platoon, you guys go on up ahead.' I said, 'Skipper, I can't do it. I can't decipher tone anymore.' So I gave my headset to my friend from Ohio, who was my age and had a brand new wife like me. I lit a cigarette and sat down. I was just trying to unwind, get my wits, I was sweating like a dog.

"Suddenly, there was a great massive explosion from up ahead where the 1st platoon was. I ran up there and my friend had a gaping hole in his forehead. He was motionless, not dying but dead, like you'd smashed a frog on a dock.

"Dead like in the movies is glamorous; dead in real life is real ugly, just flapping flesh dead. I closed his eyes and thought this is such a crime, such a waste.

"I felt responsible. A lot of times people would get letters from dead guys' parents saying how much he had thought of you, and I remember wanting to approach his family to say something. But I didn't say anything and I still regret that. I have the absolute last photograph of him; I took it, and an hour later he was dead."

Lee looks away and falls silent for a few moments, then forces a smile.

"I never wrote home war stuff; I never wrote home anything bad. If I couldn't con myself into writing something hopeful or cheerful, I wouldn't write. I don't know exactly why.

"It was just so crazy I didn't want to involve my family. I wanted them to be comfortable. During the Tet offensive I didn't write home for a month because I couldn't write anything pleasant. I think that was common among combatants."

Horror stories abound from Vietnam, but there were some occasional lighter moments.

"One time we were marching out in the bush and this one guy had an M-79, which is a little grenade launcher, slung over his shoulder. When it goes off it makes a 'thunk' sound. So we're moving along and suddenly we hear this 'thunk.' Nobody says anything, but everybody stops.

"The skipper says, 'Say, was that somebody's M-79?'

" 'Yes, sir.'

" 'Which direction did it go?' says the skipper.

" 'Straight up, sir.'

" 'Shit, take cover, get down.'

"Then 'boom,' it hit. Fortunately, nobody was hurt."

But even the "light" moments sometimes went afoul.

"These two guys, Simpson (remember, from the mortar attack?) and Davis, picked up a couple of .45s and shoulder holsters and they were having a quick-draw contest. Simpson kept winning and Davis was getting mad. Finally, Davis said, 'Simpson, don't be beating me any more.

"And so Simpson beat him again. Davis pulled his .45 and, boom, shot him. It went in his shoulder and Simpson jerked over. Then he slumped over and said, 'Davis, you shot me.'

"Davis is sitting there with smoke coming out of his muzzle and he says, 'No, I didn't.'

"We took off Simpson's shirt and the bullet had gone down his arm, up around his shoulder, back around his back and lodged in his spine. I believe he is paralyzed today."

Dealing with the pressure, the jitters, battle fatigue took its toll among many soldiers, including Lee.

"We were in the jungle in a defensive position one night where we'd sit and guard the perimeter. There was somebody out there, making noises coming toward our position. I shot . . . . It was an old woman going through some garbage . . . . I didn't know . . . . You would just do things automatically.

"I seldom saw anybody break down and cry. But one day a mortar round hit right smack in the back of a truck and blew away a good share of the organization, and everything was just a mess. This one sergeant, who was just a class-A human being and sensitive and a leader and a neat guy and a non-lifer who was just doing his time, got real emotional and broke down and cried.

"But he was probably one of the few people mature enough to cry about that. He was older than us, probably 21 or 22; most of us were 18 or 19. It wasn't so much that crying was a weakness as it was that being a hard-ass was a strength.

"If you could sit around a bunch of dead bodies and eat, then you were cool and tough. If you couldn't, you'd be crying all the time."

ATTACHMENT D

OFFICE OF CITY COUNCIL,
CITY HALL,
Minneapolis, Minn.

DEAR EMPLOYER: The City of Minneapolis and the University of Minnesota have launched a new program aimed at the city's unemployed Vietnam era veterans.

The Minneapolis CETA (Comprhensive Employment and Training Act) Special Projects office and the University's Veterans Programs will coordinate this unique Veterans Internship Project. Under this program, part-time jobs are developed and combined with full-time GI Bill education for resident Vietnam veterans.

I am particularly excited about this unique work/study venture, because it allows the veteran to maximize his benefits under existing federal programs and prepare for skilled employment, while it allows you, the employer, the use of a virtually cost-free, responsible worker.

All payroll and administration costs and effort on behalf of the work/study veteran will be performed by the University of Minnesota and Minneapolis CETA with federal funds.

Staff members from the University's Veterans Programs office will be contacting you shortly to discuss potential placement of a student veteran within your organization's workforce.

Your cooperation and contribution in this significant employment and training program will provide our city's youngest veterans with a singular opportunity for a responsible and meaningful career.

If you have additional questions or require more information, please contact Mr. Douglas Olson at 376–5085. Thank you for your attention and consideration.

Sincerely,

LOUIS G. DEMARS,
President.

[From the St. Paul Dispatch, Monday, Nov. 12, 1979]

COUNSELOR IS BUSY SEEING JAILED VETS

(By Karl J. Karlson)

Kevin McCann spends his time going in and out of prisons and workhouses, doing what he can for the Vietnam veterans who are inmates.

He has plenty to do because 35 percent of inmates in the state are Vietnam veterans, he said in an interview.

"That figure is way out of proportion for the general public," he said. It means that on any given day, 1,000 Vietnam veterans are incarcerated. He visits the Minnesota Correctional Facility-Stillwater (where there are about 350 veterans) and the Hennepin County Workhouse at least once a week, and occasionally visits the federal facility at Sandstone, the reformatory of St. Cloud and the Ramsey County Workhouse.

McCann, a counselor, is in charge of the Veterans Resource Center's Veterans Incarcerated Program (VIP).

"Corrections people like to say the proportion of veterans is high because they are in the age bracket which commits crimes," McCann said. "But we don't have any hard facts as to why it is so."

He said other reasons may be that because the draft was used during the Vietnam era, it was the disadvantaged who went to war or that servicemen in Vietnam had higher exposure to drugs, especially the men in combat. McCann also suggested that the public's "acceptance or non-acceptance" of the war created a difficult environment for the returning veteran.

"Whatever the reason, a lot of them are in prison and we can help them," he said.

McCann said VIP does for the ex-servicemen what the Resource Center at 2020 Minnehaha Ave., Minneapolis, does for others formerly in the armed forces.

"We are not interested in why they are in prison nor in getting them a lawyer or getting them out," he said. He did say that a survey taken last year found 60 percent of the veterans in prison had committed non-violent offenses such as involvement in drugs, writing bad checks and crimes against property.

He said VIP works to get education programs approved for prisoners so they can collect GI Bill benefits. "Contrary to what most vets think, you do not lose the benefits just because you are in pison," he said.

A major problem for many incarcerated veterans is bad discharge papers. VIP works to have their discharge ratings upgraded and is successful in about 60 percent of the cases, he said.

The center and VIP have no difficulty finding jobs for released veterans, he said. The biggest problem is getting veterans to the center once they get out.

McCann said correctional officials generally support VIP's efforts and the inmates "are very appreciative that they can find someone who is frank and honest with them."

He also said veterans tend to be "model prisoners, able to adjust to prison life . . . whether that's good or bad . . ." and are more likely to resist the groupings that often cause tension in prisons.

[From the Minneapolis Star, Wednesday, Dec. 12, 1979]

BAD PAPERS? GOOD NEWS

(By David Peterson)

Dan was a good sailor. He'd made it through more than three years of his four-year tour of military duty without a single disciplinary violation.

Then his world caved in. He was accused—correctly—of having committed several homosexual acts with crewmates. He was slapped with an undesirable discharge and banished from the Navy.

Like many servicemen, Dan had been told that a less-than-honorable discharge is a stain that he could never erase—one that would rob him for the rest of his life of benefits, of schooling, of jobs, of a clean reputation.

That is a myth.

The fact is that "bad papers" can be removed from one's record. And for thousands of Minnesota veterans, most of whom don't know it, an important deadline is approaching. They must submit their applications to have their military discharges changed within the next two weeks.

The man we're calling Dan was lucky enough to find out about that. Twenty years after his discharge, he contacted the Minneapolis-based Veterans Resource Center and was put in touch with a bearded young lawyer named Gerald Bender Jr. Before long, his discharge was upgraded to honorable.

And that's typical. The center wins 60 to 70 percent of the cases it handles. The success rate varies by branch: for the Air Force, 96 percent; for the Army, 75 percent; for the Marine Corps, 35 to 40 percent, and for the Navy, 25 to 30 percent.

These numbers will come as a shock to many veterans who've had it ground into them by generations of zealous superior officers that a less-than-honorable discharge means that one is doomed for life.

The reason for the center's success? Basically, Bender says, attitudes have changed.

Alcoholism is an example. A decade or more ago, it wasn't treated as a disease but as a violation of the rules punishable by a bad discharge. Now, the military treats alcoholic personnel. If that fails and their records are good, they are to be given honorable discharges.

Thus, if a veteran's bad discharge is attributable only to alcoholism or to homosexuality, Bender says, the chances of his discharge being upgraded are excellent.

But there's a complication, and here's where that looming deadline comes in.

Normally, there's a 15-year statute of limitations on reviews of bad discharges. In other words, a person with a general or an undesirable discharge cannot get it upgraded if he waits more than 15 years.

But in 1977, Congress temporarily abolished that time limit. For two years, anyone with an undesirable discharge—or anyone with a bad conduct discharge who'd previously been turned down—could apply for an upgrade.

That privilege expires Dec. 31.

The military originally planned to publicize that fact. According to veterans' groups, however, it scrapped the publicity plans as an "unnecessary administrative burden."

Nationally, according to the American Civil Liberties Union's Veterans Education Project, more than 3.4 million veterans can apply for upgrades. And 2.2 million have only about two weeks in which to do so.

10,000 MINNESOTANS

The ACLU estimates that 55,800 of those veterans live in Minnesota, a figure that Bender and his colleagues in Minneapolis dispute. They say it's closer to 10,000.

Both groups urge veterans with bad discharges to contact them. The ACLU can be reached, toll-free, at 800–424–5402. The Veterans Resource Center, a University of Minnesota student organization with offices at 2020 S. Minnehaha Ave., can be reached at 376–5085.

Keith Snyder, coordinator of the ACLU's veterans project, says the various branches of the military handle their discharges differently.

A Defense Department study found, he says, that 93 percent of all soldiers accused of drug abuse get honorable discharges, but only 4 percent of all sailors get the same treatment.

Another study discovered that the chances of Air Force personnel getting honorable discharges after having gone AWOL (absent without leave) are 13 times better than Marines'.

There are four types of bad discharges. Two of them—general and other-than-honorable (commonly called by its former name, undesirable)—can be granted administratively.

The other two—bad conduct and dishonorable—can be handed down only after a court martial.

The main significance of the various grades of discharge is that they determine whether the cornucopia of veterans' benefits will be granted. Veterans with honorable and general discharges can get benefits; those with undesirable discharges normally can't, unless the Veterans Administration grants an exemption.

THE PROCEDURE

What often happens, Bender says, is that the military threatens a serviceman with a court martial and then offers an undesirable discharge as a sort of plea bargain.

"You're usually dealing with a young man 17 to 19 years old who didn't graduate from high school and has a juvenile record," Bender says. "He's gone AWOL a few times, and the military decides it can't or won't work with him.

"So they bring him up for court martial. They tell him he could get a dishonorable discharge and get locked up in a federal prison like Leavenworth.

"Or . . . he could get off with just an undesirable, sign a few papers, and he'll be out. And that looks very attractive—especially because there's a lot of scuttlebutt going around that less-than-honorable discharges are automatically kicked up to honorable after six months, which is not true."

Not until later does the young man realize that his "bad papers" mean he can't get unemployment benefits, can't get VA loan assistance and may be rejected for jobs.

And many don't realize there's such a thing as a Discharge Review Board in each branch of the service that travels around the country hearing cases.

Each branch also has a Board for the Correction of Military Records, which mainly hears appeals of review board decisions. The 15-year statute of limitations doesn't apply to the correction boards.

"There are a lot of bad discharges lurking out there," Bender says. "Some of them are now outstanding members of the community—people who come in here rather furtively, worrying about their reputation."

The Vietnam War produced a large number of bad discharges, he says, because of what he calls the "post-Vietnam syndrome."

Typically, Bender says, military personnel got six months' training, served a year in Vietnam, got a month's leave and returned to a military base for the last few months of a two-year hitch.

"After 'Nam, he couldn't put up with the drills, the Mickey Mouse. He figured he'd done what was required, and he refused to polish his boots, cut his hair. He had trouble psychologically adjusting to having fought in a vilified war.

"So there was a lot of friction between these young vets and the old, hard-core NCO's (non-commissioned officers). And there were a lot of discharges out of that."

Those people can, and should, check out their chances for upgrading their discharges, Bender says. About the only ones whose cases are futile are those whose AWOL time exceeds their time on the base, without good reason, or those who were discharged because of serious violence

"Frequently people's legal rights were winked at or overlooked," Bender says. "So they got a life-long sentence, one that is more harsh than prison and worse than they would ever get for the same offense in civilian life."

[From the Stars and Stripes, Thursday, Oct. 25, 1979]

From Saigon to Stillwater: Minnesota's Incarcerated Vets

Minneapolis, Minn.—Decorated war hero and penitentiary inmate: two individuals at opposite poles of the respect scale for most Americans. But in fact, they are one; incarcerated Vietnam combat veterans. On a given day, at least 200 of these men are at Stillwater State Prison located about 30 miles east of Minneapolis on the Minnesota-Wisconsin border.

According to the most current figures available from the federal government, 58,000 veterans are incarcerated in state and federal institutions across the country. Studies conducted in Minnesota indicate 40 percent of the state's inmate population are veterans. The majority of them are Vietnam era. These individuals have a wide variety of problems. Their needs are directly related to their veteran status.

The Veterans Resource Center (VRC) at the University of Minnesota has developed a solution to this through a unit called VIP (Veterans Incarcerated Programs). VIP is a free service designed to give incarcerated veterans special help.

VIP is staffed by full-time, professional counselors and backed by VRC's other professional components: Discharge Review Services (DRS), Educational Services (ES), and Veterans Employment and Training Service (VETS).

The counselors make frequent weekly visits to Minnesota penal institutions where they conduct one-on-one assistance sessions.

"The only way these guys will open up is by talking to them as individuals," Chuck Peterson said during an interview enroute to St. Paul's Ramsey County Workhouse. Peterson is a prison counselor for VIP.

According to VIP's Director, Kevin McCann, group counseling is nothing more than a verbal brochure. "Veterans are no different than non-veterans; they have the specific needs that are unique to every individual prisoner. The most important consideration is to treat them with the respect you would accord any person."

VIP evolved into a separate VRC component in 1975. The VRC was aware of the large numbers of incarcerated Minnesota veterans and the need for direct on-site contact. Initial VIP counseling services became possible through Title VI CETA (Comprehensive Employment and Training Act) contracts between the University and Ramsey County. Working together within the Labor Department-based program, the country Manpower staff and VRC developed a counseling/prison outreach plan utilizing Public Service Employment (PSE) positions.

Today, in addition to regular weekly visits to Sandstone Federal Penitentiary, Stillwater State Prison, St. Cloud Mens' Reformatory and workhouses located throughout the nine-county Minneapolis-St. Paul metropolitan area, VIP staff are actively involved in the pretrial and probation side of the criminal justice system.

With financial support made possible through a Natonal Institute of Corrections (Justice Department) grant and a service contract from the National Council of Churches of Christ, VIP's professional staff is able to conduct services for incarcerated veterans on a broad scale.

Additionally, much of the information compiled during the course of VIP's work under the NIC grant will add immeasurably to existing federal agency and Congressional knowledge regarding the unique characteristics of incarcerated Vietnam veterans. Their particular needs were already significantly brought to public attention when President Carter released his Review Memoorandum (PRM) on Vietnam Veterans in October 1978.

Presently, the Veterans Resource Center has the only full-time professionally staffed program working and counseling for Vietnam veterans in Minnesota.

VIP has a current, active caseload of 600 veteran clients. For each of them, VIP counselors maintain a variety of on-going special-needs files which helps the staff maintain a track record of the veterans' individual problems, e.g., "bad papers", patterns of chemical dependency/substance abuse, delayed stress syndrome, educational deficiencies.

In order to move fully appreciate the incarcerated veteran's situation, it is important to understand that for many Vietnam veterans, re-entry into civilian life following months of extended combat duty was not a simple transition. Jobs were hard to find, good jobs even harder; housing costs began to skyrocket in the mid-70s; and medical care, when available, has not always been adequate or effective.

The soldiers who fought in Vietnam were not drawn equably, at least not in the early stages of the war. The draft struck younger Americans quite unevenly. Over half of the men who served during Vietnam were drafted or enlisted to avoid the draft.

The unequal draft pattern was exacerbated by the military's occupational testing and assignment system. Men with less education were far more likely to receive combat training and duty. This meant much less chance of learning skills that were readily transferable to civilian life.

Leaving the service with only combat skills, coupled with rising unemployment, chemical dependency, isolation from peers and, at best, ambivalent community reception, forced many Vietnam veterans to rely on their own abilities merely to survive. Survival, as most of these men are now only too painfully aware, meant resorting to illegal activities. Specifically, for most of Minnesota's veterans it has meant crimes against property, i.e., petty larceny, welfare abuse, food stamp theft.

VIP's counseling rationale toward incarcerated veterans is based on a simple foundation of linking the veterans to existing programs and services. Most programs/services are available to them as a direct result of their veteran status. However, very few men are aware of their eligibility.

Through their regular, weekly visits, VIP counselors first advice veterans of their benefits, and then start specialized and direct coordination with other VRC units, depending on what the veteran needs: discharge review, educational program services, job development, transition housing following parole. "Actually," Kevin McCann said, "our work is just beginning when we leave the prison."

VIP staff, through the VRC, has consistently been the critical catalyst between Minnesota's incarcerated veterans and existing agencies. They established the functional coordination between the Veterans Administration in St. Paul and the Minnesota State Approving Agency (SAA), which together authorized GI Bill courses of training at Stillwater State Prison. They continually accept referrals regarding incarcerated veterans through the Minnesota Department of Veterans Affairs and the state's 87 county veterans service officers.

VIP's service to the public is indirect, but significant. Each veteran who leaves Stillwater State prison for a full-time job means $14,000 of taxpayers' money that will not be spent for his annual support. And that makes sense for all of us.

ATTACHMENT DD

Vietnam Veterans
Awareness Seminars
March 3 & 4

together then
together now

ARTIST: DON BELL

LOGO OF INNER CITY
VETERANS ASSOCIATION
DALLAS, TEXAS

Memorial Union — UND

GUEST LECTURERS

Dave Christian was the Special Assistant to the U.S. Secretary of Labor and the Deputy Assistant Secretary for Veterans Employment. He is the most decorated veteran of the Vietnam War. He received the Distinguished Service Cross (the nation's second highest award), was recommended for the Congressional Medal of Honor twice, has seven Purple Hearts, two Bronze Stars, and two Silver Stars. Mr. Christian recently completed a book on group dynamics in stress situations. He has been interviewed on TV by NBC Correspondent Tom Brokaw concerning employment of the Vietnam Era veterans.

Dr. Shad Meshad is in charge of the Vietnam Veteran Resocialization Unit at the Brentwood VA Hospital in Los Angeles. He served in Vietnam as a psychology officer with the U.S. Army Medical Corps, and he received the Bronze Star. Dr. Meshad has a Masters Degree in Psychiatric Social Work and a Doctorate in Criminal Psychology. He has presented several workshops dealing with the emotional needs of the younger veteran.

General C. Emerson Murray is Adjunct General North Dakota Army National Guard. He will present a workshop on proposed draft registration procedures.*

* Final confirmation to be determined

PROGRAM

MONDAY, MARCH 3

11:00 to 12:00 NOON - Small Business Administration presentation by Tom Wincek, member Vietnam Veterans in Business and the Grey Berets.

12:00 NOON - Presentation of memorial plaque to University President Thomas Clifford by UND VETS CLUB, commemorating the Korean and Vietnam Era vet.

1:00 to 3:00 P.M. - Psyche Team Presentation by Veteran Psychological Outreach Team from the VA Center in Fargo, North Dakota.

4:00 to 5:00 P.M. - Reception for the guest lecturers at the Flickertail Room in the Memorial Union. Meet and get to know the guest speakers.

6:30 to 8:00 P.M. - Main lecture. The topics will range from the military experience and the readjustment to civilian life, to college life, unemployment, chemical dependency, and the long term effects of Vietnam. This lecture will be held in the Ballroom of the Memorial Union.

9:00 to 11:00 P.M. - "Hearts and Minds", an award winning Vietnam Film. The admission price is $1.00. This will be shown in the Memorial Union Ballroom.

TUESDAY, MARCH 4

10:00 to 11:00 A.M. - Career Planning and Placement Presentation.

11:00 to 12:00 NOON - SBA Presentation.

1:00 to 3:00 P.M. - Psyche Team Presentation.

3:00 to 4:00 P.M. - Rap session with anyone who took part in the Seminar.

GUEST LECTURERS

Bob Hanson is a Vietnam vet recently appointed North Dakota's 29th State Treasurer. While in Vietnam, Bob received the Bronze Star with Oak Leaf Cluster, Army Commendation Medal, and Vietnam Campaign and Service Medals. Bob is a member of the American Legion and Veterans of Foreign Wars.

Tom Wincek is the President of Vietnam Veterans in Business, Past President of the National Association of Veterans Programs Administrators, member of White House Task Force for Veterans in Business, and 1972 Coordinator of Veterans Affairs at the University of Minnesota.

SPONSORING ORGANIZATIONS

* * * * *

UND VETERANS SERVICES OFFICE

UND VETS CLUB

CAREER PLANNING AND PLACEMENT CENTER

COUNSELING CENTER

COLLEGE OF FINE ARTS

SAC

* * * * *

ATTACHMENT E

VETS EARN, LEARN, GET GOOD EXPERIENCE

(By Don Schnelle)

"Nam era vets are this nation's forgotten stepchildren . . ." claims Gary B. Morey, "but we're here, as vets, helping overcome the significant unemployment problems facing American veterans."

Morey is Communications Director for Veterans Programs in the Twin Cities and is talking about the Vet Student Intern Program—which combines G.I. Benefits to attend a technical or vocational school, college or university, and work in a related area or field.

"It's important vets understand that eligibility for benefits expires ten years after being discharged." Morey explained. "The older vets get, the harder it is for them to take advantage of programs, especially as they take on families."

The Veteran Student Intern Program meets vet employment needs in various ways. It provides the education needed for a better job and the 'hands on experience'thatmostbusinessesrequireforemployment.

ence' that most businesses require for employment.

A vet going to school under the G.I. Bill, for example, with a wife and two children would receive $448 a month. If enrolled in the Intern Program he would be working 20 hours a week in a study-related field. His income would average $775 a month. The part-time job provides needed experience and added income that makes the program more attractive to vets with families.

Some vets are using the program to complete their high school education by studying for a General Educational Degree (G.E.D.). Since the program's start in March, 56 people have applied. There are presently 100 positions available.

With the peak of discharges from the Vietnam War occurring between 1968 and 1973, the ten year limit on benefits is running out for a great many vets. Limited educational and career opportunities for Vietnam vets are chronic problems, given that a disproportionate percentage of vets are Black or members of other minorities.

For more information about the Veterans Student Intern Program or programs in the areas of employment training, vet ex-offenders or Veterans Discharge Review—call the Veterans Resource Center 376-5085.

STATEMENT OF GEORGE R. WOODBURY, DIRECTOR, VETERANS RESOURCE CENTER, UNIVERSITY OF MINNESOTA

Mr. WOODBURY. Thank you, Mr. Chairman.

This is Gary Morey. He is the assistant director of the University of Minnesota Veterans Resource Center.

It seems that I get this last position every time, which is, again, kind of an interesting one because I have a chance to hear a lot of the comments that have been stated before.

I want to start out by saying that I, too, share the concerns of Mr. Treviso, in the contention that there is a lot of awareness from the younger brothers of Vietnam veterans, not just Hispanic or black, but all Vietnam veterans. They are very concerned about the possible draft, possible confrontation around the world, and come to us and ask, "Well, we've heard that Vietnam vets have not been treated so fairly. What is your position on the draft and other things?" It is very difficult to address that concern, and I think that is very prevalent around the country.

Of the bills that have been discussed today, I tend to support all of them; so it becomes a matter of priority.

I think that I would like to address most of my comments toward H.R. 5581 which, I believe, has some very good points to it. I say that in terms of some of the incentives and initiatives that have surfaced over the last 1½ years, or so. I would like to discuss some of those initiatives which, I believe, are very significant and constitute a great change from the traditional means of servicing veterans.

One that has been mentioned is the VA outreach program. I have had the good fortune to be involved with this program in a training situation and have been asked to be on the faculty to help train the staffs of those centers. It was really kind of a shock to me when the VA called me up and asked me to participate. When I saw the other staff members, I realized that almost 90 percent of those asked to function as faculty to train these people come from community-based organizations, much the same as the universities.

In a sense in the last few years, we have been looked at as an enemy of the VA, or the VA has been an enemy of ours, and we have been in a confrontation atmosphere with the VA over a lot of issues. This is the first time that it has been recognized that this group of community-based organizations, which do not have front-line government ties or strong agency ties, can do certain things very successfully.

We have talked about HIRE II programs and a lot of things, and their dismal track record but, in certain cases, they have proven to be very effective.

I think at the hearings I attended last spring I mentioned that, certainly, there is good legislation on the books, but the problem is—and I think your frustration that you mentioned earlier is—getting these people into the programs. You can have the best programs in the world but, if you don't get people into them, they aren't worth what they are written on.

The frustration I have is, we know how to get the people in, but it is the wading through the entanglement of regulations and categorical programs which inhibits actually servicing those people. To clarify that a little, I think, in terms of a categorical program, it automatically rules out certain people who don't meet those categories. And what we do at our program, which is service oriented, is to look at the veteran in terms of a whole person.

Now, that whole person may have very complex, multiple problems, which just don't seem to fit one category—the CETA program, or title VI, title III, title II, title I. Each of them has different criteria on which eligibility is based. Often a veteran will come in and just miss by 1 week, if he has to be employed 15 out of 20 weeks, he's been employed 13 out of 20. It doesn't make a whole lot of difference to him, he's still unemployed, but he can't be CETA eligible. A lot of programs just simply say, "Well, I'm sorry you don't meet the eligibility," and turn him back out to the street.

That is a major reason why a lot of these programs haven't worked. I think the key—and I wish Mr. Daschle were here so he could respond—but I think the key that in talking about the VA administering the programs is the fact of advocacy, which has not been mentioned.

Certainly, the Labor Department and Dr. Wyant have made great strides, and we have worked with them quite extensively in the past few months, as has the White House program of targeted cities. But the facts are that, when it gets down to the local level, the grassroots level, the delivery system becomes the primary measure of whether the program is going to be successful. Advocacy, at that point, is extremely important. The Labor Department, through the VES, can advocate down to the local level but, once that money is released to the prime sponsor, then it becomes, again, a matter of priority at the prime sponsor level, and it becomes entangled in political maneuvers, in economic maneuvers with budget crunches at the municipality level.

The advocacy is lost at that point, unless there is some other entity that intervenes. I know that the bell has rung, so I will cut short my statement, but I think that is a key. If we are really and truly serious about doing something with this group, we must look at some nontraditional methods that are now surfacing within the VA itself. This is a real shocker for us who have been working in this field for a number of years, a welcome shock, I might add.

The Labor Department has also pulled together a task force of community program people who have been recognized as doing certain things that agencies have not been able to do, and they are pulling that expertise in and utilizing that.

I hope that whatever happens, that that trend continues because I believe that to be very, very important and critical if we are really serious about solving the remaining problems.

Gary, I don't know if you had——

Mr. Morey. No. The only thing I wanted to add to what George just mentioned is that, on a daily basis, one of the problems that we constantly encounter and maybe try to make a business analogy, Labor Department, Veterans' Administration have some good products that they manufacture. We will call them GI bill, we will call them HIRE II, we will call them CETA, but the marketing, advertising, and sales force doesn't seem to be quite up-to-snuff with the product.

If you don't have an aggressive marketing, advertising, and sales force, then the product isn't bought and, if the product isn't bought—in this case, whether it's GI bill, CETA, HIRE II—then, in effect, in a business sense, the company would go bankrupt.

That has not happened in this case, in the case of Federal Government programs, because the programs are self-sustaining. I think this is, in essence, what we are really looking at wanting to do down the road.

There are some very viable, even if they are perceived as nontraditional, methods for getting men and women into the programs, utilizing the programs, and I think that probably is one of the main messages that we want to get across this afternoon.

Chairman Hefner. You endorse Mr. Daschle's legislation. Do you feel that that would have a great impact on getting these people involved?

Mr. Woodbury. If administered correctly, and, again, that is the key. I believe there is a better chance of advocacy in that situation than there is in any of the other programs because, again, by the time it gets down to the local level, that advocacy is diluted.

Secretary Marshall says 35 percent of all PSE positions under CETA should go to Vietnam and disabled vets; 16 percent actually happened. When you are at the local level talking to the prime sponsors who make the decisions, the local units of government, they have

101 reasons why that mandate wasn't carried out, and all of them, in their minds, very substantial.

Chairman HEFNER. I think one thing that concerns us all, and you touched on it—that we have some good products, but the public relations and the advertising have been less than effective. That is the thing that continues to frustrate us so badly that we begin to think about starting new programs. Of course, just because you have a new program doesn't mean that people are going to come forth, because we found—and I don't mean to belabor the point—but we found in all the places we had hearings, that even the people who were working in the community would talk personally to these people, and they would say, "No; if we have to sign anything, or if we have to participate, we're not going to do it." And we, certainly, are not going to put together another program that would be a handout for a welfare program.

So, that is the thing that we are concerned about—getting people to come in—someone has to make the first move.

One of the witnesses said, "My people don't want to have anything to do with the establishment, they don't want to sign anything."

Well, in a society such as we have, if you get a driver's license, or a marriage license, or whatever, you have to have some participation in society to make it work, to take advantage of it. Now, if this program is enacted into law, will it bring the veteran out? You can't force him to participate.

Mr. WOODBURY. I'd like to comment on that because we hear that every day, too. I don't hear it anymore because I spend most of my time administrating now and I don't see as many veterans, but my people tell me that. We hear that every day. People will come in and say, and we listen for 20 minutes, that the VA is incapable of responding to their needs, the Labor Department is incapable, and we listen to that. A lot of times it preempts the person from even hooking up, just because he's heard it from other veterans. He heard the VA won't help him. He heard the Labor Department won't help him. And I ask, "Have you ever been there?" "No, I haven't; but I'm not going because I heard it."

It becomes evident that the perception is the same as reality unless it is proven different. Our program and others like us across the country have been able to act as mediary, we have gone out there, sat down with them in a nonthreatening situation because we don't have the benefits. All we do is act as the conduit, to get the person who needs assistance to the place he needs to get it from.

We sit there and listen to the negatives and then say, "But you realize that you are in this position. If you want to get to this position, we can show you how to get there, but you are going to have to go along with the program," and it has worked.

It has worked in examples in our State. Not to pit city against city—but the Twin Cities area is like one big metropolitan area, and it is divided by the Mississippi River. On one side of the river, using the same exact regulations in HIRE II, a system was set up where they involved 30 to 40 people in 5 different layers of government, chamber of commerce and National Alliance of Business, and whatever. They ended up turning back $150,000 to the treasury, with a declaration that went along with it that said "The real reason the program didn't work is because Vietnam veterans aren't serious about working."

On the other side of the river, Quad County Consortium contracted with us. The University of Minnesota Veterans Resource Center said, "Take all our HIRE II fund, you do everything." We put two veterans on that job. We not only obligated all the initial money, we went back three times to Labor and got subsequent moneys through HIRE II, the same exact program, and spent it all, and put 80, 90, 100 veterans to work under that program. It was extremely successful, and with 2 people, we did that, versus 40 on the other side of the river.

So, it really comes down to, not are the programs good enough in terms of the legislation, it is how it is delivered. No matter if it is run through the VA, Labor Department, or whatever, it is going to be that key at the grassroots level, and that knowledge and experience at that level that is going to insure the success of any program.

Chairman **Hefner**. Thank you, gentleman, for your excellent statement. Again, I want to apologize for the delay. But we have been successful in providing everyone an opportunity to testify. I think we have had a good dialog.

Our colleague, Mr. Lester Wolff from New York, was not able to be with us, but I would like to, without objection and unanimous consent, make his statement a part of the record.

[Statement follows:]

STATEMENT BY HON. LESTER L. WOLFF

Mr. Chairman, it is indeed a pleasure to appear today before the subcommittee upon which I was proud to serve in previous Congresses. Though I speak today from the witness stand, rather than from a place on the panel, I do so in regards to an issue that has long been our mutual concern. That issue is the serious readjustment and employment problems which continue to affect veterans of the conflict in Vietnam.

To begin, let me first note that a great many Vietnam veterans have succeeded in making the difficult transition to full and productive participation in our society. I have supported the important initiatives made by the Veterans Affairs Committee in this regard. However, it cannot be denied that many other Vietnam veterans remain unemployed, underemployed, or mired in jobs with little hope for advancement or a secure future for themselves or their families.

This situation is intolerable when we remember the great sacrifices these men made for their country or the scant praise they received upon their return. It is in this regard, then, that I want to add my voice strongly in support of legislation offered by my colleague and friend from Massachusetts. I feel that the provisions contained in her bill, H.R. 5581, represent a real opportunity to meet the needs and aspirations of our veterans from the Vietnam conflict who remain far behind the mainstream of our society. I believe that these and other issues affecting these veterans have yet to be adequately dealt with and, as a result, I intend soon to introduce comprehensive Vietnam veterans legislation of which the legislation before the subcommittee today will be a prime component.

We have heard before of the unique needs and problems which affect these veterans. Taken from their homes and communities and thrown into an unpopular war in the jungles of Southeast Asia, these men served with distinction but when they returned they were met with little praise or celebration and were often eyed with distrust and suspicion. There were few advantages offered them; the levels of benefits in many programs designed to serve them were too low to adequately meet their needs. They have often been the objects of discrimination in employment and all too often have lacked the education or training to gain the type of jobs or careers that enable them to provide for their families or to attain their own goals or aspirations. Time is running out for these men to gain needed help while they still have good and productive years before them.

While various programs exist which are designed to aid them in their search for training and careers, there remain barriers to effective participation or to the achievement of employment goals they are supposed to provide. Published figures which tell of a high degree of participation in veterans employment and training programs do not attest to the many who have not been able to complete such training or who were not sufficiently helped and for whom serious employment problems remain. Moreover, programs such as the GI bill on-the-job training, CETA, or the targeted jobs credits program have failed to meet the test. Targeted jobs credits, for example, primarily treats the unemployed; CETA jobs fall mainly in low level public sector positions which offer little advancement or future; and the on-the-job training program, which should have great potential to place veterans in productive employment in the private sector offers little incentive to private employers and remains greatly underutilized.

The G.I. bill of employment rights offers the opportunity to break the vicious cycle of dead end jobs and shattered dreams which bear down heavily upon so many Vietnam veterans. Significantly, it would open up new opportunities for employment and advancement in the private sector by providing a direct financial incentive to hire, train, and promote those Vietnam veterans who truly need this assistance. The key elements of the bill would establish two programs to advance the career development of affected veterans. First, the bill provides important incentives to induce employers to hire and train these veterans. Second, it establishes a companion program designed to encourage the employer to promote those veterans who have benefited from the increased training the bill makes possible. This bill is not, as some opponents have claimed, susceptible to abuse by employers and does not give them reimbursement for hiring someone whom they would have hired anyway. There are controls built into the program which should prevent this: Payments are limited in both the amount paid and the period of time which a veteran may participate in the program. Most importantly, the bill targets the program at the low-income veterans who need the help most, with a $13,000 income ceiling governing eligibility to participate in the programs. The potential cost is less than other existing programs. Finally, the program would be of limited duration, to solely meet the needs of the targeted group which needs this assistance.

I urge the committee to view this legislation favorably and to help provide the tools to effectively meet the severe employment problems which face so many veterans of the Vietnam conflict. They made great sacrifices for their country. We need to give them not only the physical assistance, but the confidence and feeling of personal worth that comes from careers commensurate with their abilities and aspirations. The lack of available or attainable assistance in this area has led to the employment problems that have only served to increase the psychological toll that has so affected Vietnam veterans. We cannot erase the past for these men, but we can make their future more productive and sustaining.

I have been concerned with this problem for many years. The problems of the Vietnam veterans have touched many people of my district, my friends or their families. I have worked with many members of the subcommittee and the full committee as we have sought effective solutions to these important issues. I firmly believe that we must move now to solve these problems and support the measures proposed here today as a significant step towards our goal. More work needs to be done, that is true, and I soon will offer additional proposals to meet the continuing needs of the men who served in Indochina. We can move forward towards a just and equitable solution to these problems through passage of this important measure. I hope that you will join with me to support it.

Thank you.

Mr. HEFNER. Thank you very much for being here.

The Subcommittee stands adjourned.

[Whereupon, at 1:10 p.m., the Subcommittee on Education, Training, and Employment was adjourned.]